Eurobond market

No. 30,111

Tuesday December 16 1986

D 8523 B

World news

UK Tories ECGD in \$2bn told not to oppose move Awacs

rally Tory backbench opinion behind its expected announcement on Thursday that Britain will buy Awacs aircraft from Boeing of the US rather than GEC's Nimrod system. Several Conservative MPs who have signed a House of Commons motion were summoned individually by party whips (stewards) and warned of the dangers of rocking the boat at such a sensitive preelection time.

A whips' message was We're ahead in the opinion polls and have got Labour on the run. Don't ruin

CIA chief ili

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the Thirtles."

Mr William Casey, director of the US Central Intelligence Agency, was rushed to hospital following what was described by a spokes man at Georgetown University Hos-pital as "minor cerebral seizure." Mr Casey is one of the key figures at the centre of the Iran arms deal affair and was scheduled to

testify today before the Senate In-telligence Committee, his third appearance in less than a week on Capitol Hill.

Car bomb killing

A mater mechanic was killed at Provins, east of Peris, by a car bomb intended for the town's major, former justice minister Alain Peyrelitte. Page 3

Ambassador resigns

Ethiopia's ambassador to Sweden, former defence and interior minister Taye Telahun said he was giving up his job and would not be re-turning home because of the repres-

Hanoi changes

Vietnamese leaders unleashed a barrage of self-criticism at their national party congress in Handi, saying it was time to "purify" the government because of serious failures. Resignations are expected as well as reforms. Page 20

UK case 'baloney'

An Australian judge hearing Brit-17.45 Wirth of we Spare 17.00 12.00 Mann hudding ain's lengthy legal battle to suppress a former MI 5 agent's memoirs said the UK government was talking "baloney" in its concern over puhlication. He has frequently criticised London's attitude during the hearing: Page 4

Moscow signs treaty

The Soviet Union, whose efforts to expand its influence in the South Pacific are causing Western conclear powers to sign the region's new nuclear-free zone treaty.

Bokassa on trial

Former Emperor Bokassa repeatedly denied ordering executions or torture when his trial on charges ranging from mass murder to em-bezzlement opened at Bangui, Central African Republic. But he admitted: "I am not a saint... people got killed when they plotted against

Death explained

The widow of Soviet dissident Austoly Marchenko, who died last week. said she believes he starved to death in jail after waging a four-month hunger strike. Officials had given her conflicting explanations.

Poles defect

Eleven Poles defected during a Min-nich bus tour. Some 319 Polish tour-ists have now remained behind while visiting Bavaria this year. The five women and six men are ex-

pected to seek political asylum. Protest at Murdoch

Australian Press Council chairman Hal Wootten resigned over its refusal to oppose the Eupert Murdoch takeover hid for the Melbourne

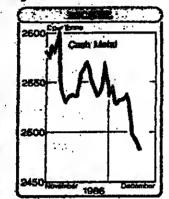
Heraid group. Page 4

Business summary

debt-swap

The British Government asted to BRITAIN's Export Credits Guarantee Department has completed a \$2bn debt-swap programme in the international capital markets that should substantially reduce the cost of providing subsidised finance in support of UK exports. Page 21

NICKEL fell for the fifth successive trading session on the London Me-tal Exchange. The cash price anded £10 lower at £2,452.50 a tonne. Page 38



WALL STREET: The Dow Jones in dustrial average closed up 10.55 at 1,922.81. Page 46

LONDON: Heavy demand for British Gas inspired early gains but sentiment soured slightly in line with falls on Wall Street. The FT SE-100 index finished 7.2 higher at 1,837.0 and the FT Ordinary dipped 0.1 to 1,280.3. The gilt market waited in vain for some signs of prog-ress from the Opec meeting.

TOKYO: Concern over high price levels and a possible cut in crude oil sive and intolerant policies of his production by Opec pushed shares country's Marxist government. lower. The Nikkei average fell 41.70 to 18,788.94. Page 46

GOLD rose \$4 to \$394.25 on the London bullion market. It also rose in Zurich to \$395.25 (\$301.45). In New York the County February settle-ment-was \$398.40 Page 38.

DOLLAR closed in New York at DM 2.0165; SFr 1.6975; FFr 6.6085 and Y163.40. It rose in London to DM 2,0180 (DM 2,0165). It also rose to FFr-8,6125 (FFr-6,61); to SFr I,7000 (SFr 16075); to Y163.25 (Y163.00) On Bank of England figures the dol lar's index fell to 111.0 from 111.3.

Page 39 STERLING closed in N \$1.4325. It closed in London at \$1,4320 (\$1,4275). It also rose to DM 2.89 (DM 2.8775); to FFr 9.4725 (FFr 9.4350); to SFr 2.4350 (SFr 2.4225); to Y233.75 (Y232.50). The pound's exchange rate index rose 0.1 to 68.8.

DUTCH Central Bank president Wim Duisenberg, speaking in Brussels, urged the UK to bring the pound into the exchange rate me-chanism of the European Monetary

System. Page 3 EEC Fareign Ministers, in Brussels rejected US calls for compensation for the loss of grain sales in Spair which followed Spanish entry into

the Common Market, Farm price NOKIA and Valmet, leading Finnish metal and engineering groups, plan to merge their respective arms and ammunition divisions. The new company will have a combined

turnover of about FM 200m (\$40m). RIDERS Resources, the energy at filiate of John Elliott's Elders IXL

isunched a full market bid for TMOC Resources, Queensland oil and gas producer formerly known as Moonie Oil. Page 22 WAH KWONG, one of Hong Kong's largest shipping groups, has again seen attempts to rescue it put in jeopardy as efforts to win agree

CARLTON Communications of the UK kept its place as largest Euro-pean operator of television produc-tion facilities in the year to September 30. Taxable profits climbed to £18.81m (\$26.22m). Lex, Page 20; Details, Page 26

Airlines to face El-Sayed gives legal action as of Fermenta EEC talks fail

BY TIM DICKSON IN BRUSSELS

THE EEC's legal action against Eu-ropean airlines is likely to be stepped up in the next few weeks after Community transport minis-plan to outlaw the arrangements ters failed to agree a key package nf

their legal proceedings against air-lines begun earlier this year. This could ultimately lead to action by consumers in the European Court of Justice.

Mr John Moore, Britain's Trans-

port Minister and chairman of the EEC Transport Council, nevertheless claimed that significant advances had been made in the negotiations and that there was "majority support in principle among mem-ber states for all three elements of Britain's compromise package." He added: The message to the travelling public is that Europe is at long last on a one way ticket to cheaper air fares from off-putting

etty restrictions." Other observers however, were less optimistic and pointed out that several hurdles still remain before

BY JAMES BUCHAN IN NEW YORK

CHEMICAL New York, parent of the sixth threefor US bank, an nounced yesterday that it is taking over Texas Commerce Bancshares in one of the house important US in-terstate banking mergers in recent

The agreed cash and shares offer,

Mr Walter Shipley, chairman of

Chemical and Texas Commerce

brings together two institutions

with strong corporate and institu-tional client relationships and

strong regional banking fran-

York base into the north-eastern

thought to be worth about \$1.2bn

of just under \$75bn.

whereby European airlines carve airline liberalisation measures at up revenues on a 50/50 basis re-

> regional and so called hub airports (such as Heathrow and Charles de The major sticking point, however, remains as at the last Council legal proceedings against EEC air in November, the conditions attaching to cut price fares. Britain has been pushing for the removal of what Mir Moore considers unnecessory restrictions. sary restrictions - such as the re- out infringements of the EECs

against this proposal. Only Denmark, which still has reservations,
reluctantly agreed yesterday to
move into the "presidency" camp.

The Commission, however, will
be obliged to issue a "reasoned"

Chemical in \$1.2bn deal

to take over Texas bank

ny in esset terms but runs the largest bank network.

While segarded as well managed and as one of the stronger Texan

banks, with gross assets of \$18.9bn, it has been damaged by the weak-

ness of the Texas economy, particu-

Assets have declined from a peak of over \$20bn, and net income for

\$41.2m against \$81.7m a year ago.

Loans classed as non-performing

stood at 6.6 per cent of the total

In September, Texas Commerce's

and had thrown its weight behind

book in September.

will create a well-capitalised bank larly the energy sector, and fierce

The acquisition marks a change stock price rose sharply on reports in strategy by Chemical, which has that it had put itself up for sale. The largely concentrated on extending bank group also said that it had its banking services from its New long supported interstate banking

holding company with gross assets competition for retail deposits.

Terras Commerce is the fourth allow out-of-state banks to buy into langest Terras bank holding compa-

gesting a new age restriction yesterday - is that airline revenues would suffer as "captive" business of the new cheap fares. gations into dealings in Fermenta

Unable to claim an outright victomance, and to move to at least a 60/
Moore claimed that the "solid irrewere disappointed by the lack of
"significant" political progress and
indicated that they intend to pursue
their legal proceedings against airlines to open up new services

mance, and to move to at least a 60/
Moore claimed that the "solid irrewersible achievement" of the last
six months would put Mr Herman
open up existing routes to more
competition, and for enabling airlines to open up new services age" when he takes ove cil chair on January 1.

The next move, however, could well come from the European Com-mission which has already started

sary restrictions – such as the requirement to stay six nights or a competition rules and ceiling for Saturday night to qualify for the changes in airline practices. The reconcessions – but despite fierce lobuling over the last few weeks five mission, which is likely to begin discountries – Portugal, Spain, Italy, cussions with the different parties. France and Greece – are still and negotiate on an agreed dead-

The main concern among oppo- opinion if the airlines do not act on

Mr Ben Love, chairman of Texas ourseros Bancshares, said This

partnership will give Texas Com-

merce a significant competitive edge by being the first Texas bank to diversify so broadly."

The deal values Texas Commerce

at roughly book value of \$36 a

share, comprising \$7 a share in

cash and the remainder in Chemi-

cal common stock, a preferred stock

value and dividend payout will be

decision to spin off \$300m of the non-performing loans, or about a

third of their total face value, to

This reduces Chemical's estimated

vertible into Chemical common.

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

rendered his control of Fermenta, the embattled Swedish biotechnology group, to his creditors and is to and 2.98m B shares (B shares have leave his posts as chief executive one tenth of a vote) which it has and deputy chairman of the board. held as collateral for the loan and and deputy chairman of the board.

eight months had not been complet-

Virtually the entire reported profit for the period of SKr 353m (S51m) could be endangered and the whole board said that it would offer its resignation at an extraordinary shareholders' meeting called for December 30.

Mr El-Sayed's control over Fer-ments, where he has held about 77 per cent of the votes, was wrested from him yesterday by his main creditor, Industrivarden, the Swedish investment company associated with Svenska Handelsbanken.

Mr El-Sayed failed to pay his debt to Industrivarden of SKr 570m that fell due yesterday, and the investment company acted quickly to

MR Refact El-Sayed yesterday sur- try to stem the deepening crisis of confidence in the compan

It has taken over the 4m A shares In a separate development, Swed-en's banking inspectorate said it was starting insider trading investi-cent of the capital in Fermenta. which give it effective control over It has taken over the shares at an

shares by company management with Mr El-Sayed.

The specific and 1985.

Fermenta has been plunged into its most serious crisis following an announcement from the board at announcement from the board at ing arrangement with Mr El-Sayed.

Mr Kjell Brändström, managing director of Industrivarden, said that are new dominant owner, the invest-

ment group would act to re-estab-lish confidence in Fermenta from ed and that "great doubts" had aris-en over the valuation of other items in the accounts. customers, suppliers and creditors. He said that Mr El-Sayed would leave the Fermenta board and his post as chief executive and that a new board would be proposed to a meeting of Fermenta shareholders

The rest of Mr El-Sayed's holding in Ferments are also tied up as col-lateral with different creditors. Discussions are being held to try to form a consortium to hold the entire 77 per cent stake with a view to later disposal to an industrial buy-

In a dramatic development two former Fermenta board members Mr Gosta Bystedt, whn served as chairman of Fermenta for the last five years and Mr Par Skaantoro. a Continued on Page 20

Levy to join Renault without compensation

THE BELGIAN Government appeared poised last night to release Mr Haymond Levy from his post as chairman of the loss-making steel producer, Cockerill Sambre, to take charge at Renault, the French our

Mr Wilfred Martens, the Belgian Prime Minister, met yesterday with his steel committee of six ministers concerned with the sector, which was due to give its assent to the

an official announcement, but an

in Paris of Mr Georges Besse, the

The Belgian Government is understood to have agreed to the move gradgingly. Finding a successor to Mr Levy is complicated by profound regional rivalries within Cockerill Sambre and to complicate matters further. Mr Levy has nearly four years of his five year contract left to

nove. Mr Philippe Maystadt, Belgian They broke up without making Economic Affairs Minister, is believed to have expressed his Govto be named in Paris today as a Government's request at a meeting board member of Renault, so that last weekend with Mr Edonard Bal-the French Cabinet can formally ladur his French counterpart. Belladur his French counterpart. Belelect him as chairman at its weekly gian Government officials denied meeting on Wednesday. The Paris last night that Brussels would degovernment approached Mr Levy, after the assassination last month Mr Levy's loss.

Pakistani

AFGHANISTAN LELLERAD

violence highlights divisions

FIERCE rioting continued in Karachi yesterday as a further 73 people were killed in clashes between the Pathan and Mohajir ethnic groups, bringing the death toll to 124 since

A curiew and military reinforce-nents failed to stop the bruta clashes, underlining again the diffi-culty which President Zia ul-Haq central government has in contro-ing the feuding ethnic groups wit in Pakistan's principal provinces. The violence appears to ha-

flared in response to a police re on Friday through the Sohrab Gc neighbourhood of Karachi which predominantly inhabited by F thans, semi-nomadic tribesmfrom north-west Pakistan and A

The Pathans control much of P kistan's illicit drug and arms des ing and Sohrab Goth has long bee known to be a wholesale market fo heroin which finds its way to the West, and arms, which find thei way to Afghan rebels.

Police reported that they had con fiscated arms, bombs, and a large amount of heroin, hashish and other drugs in Friday's raid.

The Pathans accused the Urduspeaking Mohajirs of agitating for a police crackdown in the suburb and took to the streets on Saturday, erecting barricades and setting fire to homes owned by Mohajirs and also Biharis in the Orangi suburb. These two groups in turn at-tacked Pathans in the street and set fire to some of their homes, resulting in a total of 51 deaths on Sun-

Police are reported to have used clubs, tear gas and finally gunfire to try to disperse the rioters on Sun-

Yesterday, the army and navy were called to help and all commercial life in Karachi closed down as troops tried to take control of the

Continued on Page 20

Cons Gold sets spring target for

ment from two Japanese creditors nadian gold company, had bought a 4.9 per cent stake in Gold Fields. Mr have floundered over the issue of Michael Coulson, of broker Kitcat and Aitken, said: They certainly

speculation, is hoping to float its US
gold interests as early as next
spring.

The suggested timing yesterday
surprised London analysts who had
it is preparing for the earliest of a
expected Gold Fields to wait until
1088 - after its letter profit Americans and its plans for tools
in New Mexico, which is out of ore, and Mesquite, California,
which came on stream in February
1986. The company is investing
\$80m developing a mine at Chimney Creek, Nevada, which is
plans for tools
which tools
\$80m developing a mine at Chimney Creek, Nevada, which is
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\$80m developing a mine at Chimney Creek, Nevada, which is
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\$80m developing a mine at Chimney Creek, Nevada, which is
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\$80m developing a mine at Chimney Creek, Nevada, which is
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tools
at the company is investing
to the came on stream in February
to th 1987 to 1988, which have long been under consideration.

In Gold Fields' view, it makes sense to avoid delay because inves-tors have paid handsomely for US pany had brought forward its time-tors have paid handsomely for US table in response to the fact that American Barrick Resources, a Ca-off shares in mines Gold Fields' thinking has been in-

fluenced by the success Newmont

activities and its plans for Gold in New Mexico, which is running

At Gold Fields' request, the De partment of Trade and Industry is investigating the way in which American Barrick built up its

concert with anyone, including Ang-Mining, the US resources group in lo American, the South African con-which Gold Fields has a 26 per cent glomerate which controls 28 per

flotation of US gold interests BY STEFAN WAGSTYL IN LONDON However, Gold Fields denies Gold Fields Mining Corporation there is any link between Barrick's owns two producing mines - Ortiz, CONSOLIDATED Gold Fields, the

international mining group which has been at the centre of takeover

1988 - after its latest north American gold mine came into produc-Some stockbrokers said the com-

feel under pressure. Obviously events are overtaking them." Companies can enhance the stock market's view of their value by floating successful subsidiaries and so ward off potential predators.

interest, had in floating 5 per cent cent of Gold Fields, through an asof its smisidiary, Newmont Gold.

While no final decisions have as its stake in some of South Afribeen taken, Gold Fields would probably float some 10 per cent of its interests in the US, the UK and

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Made to make your business your business more efficient. it is, if you have a materials handling problem, we have the equipment to Lansing have more trucks, more service engineers and more years handle it. in experience than any of our It's what made an independent competitors truck users survey vote Lansing number one in lift truck design, quality, reliability, long life, service back-up and low operation costs. So if you want to make your business more efficient, call us today. Lansing & WORLD LEADERS IN LIFT TRUCKS BASI

Polish newspaper says Government needs reorganising

POLISH Government THE rounce to be reorganised thoroughly if decentralising reforms are to thoroughly it determinating economic reforms are to succeed and the country is to avoid falling permanently behind the rest of Europe, according to the economic weekly newspaper, Zycle Gospodarcze.

The 42 point article comes on the eve of a Communist party central committee meeting on the fate of the reforms which were announced in 1981 and

party implemented subsequently.

The newspaper has consistently defended the reform programme against bureaucratic opposition, and its statement is evidently simed at infinencing the meeting to push ahead with

It wants subsidiary ministries, like mining and engineering, abolished and responsibility for economic policy to be vested in the main ministries and social policy with the Finance Ministry which is ultimately ing, sholished and responsibility agriculture and exports for economic policy to be vested in the main ministries and social policy with the Finance Ministry, which is ultimately trade after 11 months of the responsibile for the state sector. year. Industries produced paralysing all reforming to the same period last year.

endeavours intended to block direct government intervention in company decisions," the newspaper says. It believes that companies should be fully antonomous both financially and legally, and that lossmakers should be allowed to go benigment.

Profit, which the paper coyle calls "e-conomic surples, should be the only criterion economic success, and nagers should be responsible of economic only for company performance and not be made to represent the interests of the government bureaucracy. The newspaper urges an unual inflation rate of any

annual more than 20 per cent to bring the economy into equilibrium. and calls for restructuring of industry to favour the con-sumer, advanced technology

Italy pledges L280bn in special help for Egypt

Mediterranean countries has been underlined by a promise of L280bn (f141m) of special and to Egypt.

The commitment was made at meeting on Sunday evening between Mr Bettino Craxi, the prime Minister, and President Hosni Mubarak of Egypt at the end of the latter's tour of five European countries. Mr Craxi also promised to support Egypt's plea for leniency from the International Monetary Fund during talks due shortly in rescheduling its \$37 hn deht. On rescheduling its \$37hn debt. Cairo is anxious to avoid heing forced into adopting a stabilisation package which could foment domestic unrest.

Everyone has an interest in Egypt - remaining a stable country and it should be helped to resolve its huge economic and social problems," said Mr Craxi.

His readiness to commit an aid package, taking the form of a L 130hn grant (half of it in primary goods) and a further 1150hn of low interest loans, springs from his personal determination to bolster the moderate Arab regimes on the North African littoral. North African littoral.

Mr Craxi used the meeting with the President partly to pursue his own initiative in favour of a "support group" of

PTALY'S growing readiness to to lower tensions and resolve conflicts in the area. He has also discussed the idea

with leaders of the Spanish, Yugoslav, Algerian and lunisian governments which all fall into the support group's qualifying eategory of countries not directly engaged in conflict." An important voice support was added at the end of the Franco-Italian summit of the Franco-Italian summit last month by President Fran-cols Mitterrand of Francs who first floated a proposal for Mediterranean security grouping two years ago. Italian officials say Mr Craxi's

vision is less concerned with security than with political cooperation. The aim would be to reduce tensions in the area as whole and to contribute towards resolving the Arab-Israeli confrontation. The Prime Minister's hid for moderate Arab support was emphasised a week ago by a statement of the West Bank which was one the strongest yet made by European leader.

According to officials. Mr Craxi is not yet convinced that his proposal will succeed and he is still taking soundings from prospective members of his support group. The results so far have been encouraging, they say, but a formal initiative is

Many ethnic Turks killed says Bulgarian defector BY DAVID BARCHARD IN ANKARA

THE PLIGHT of the 800,000

ethnic Turks living in Bulgaria came back under the spotlight at the weekend with the arrival in Turkey of Naim Süleymanoglu, formerly Naum Shalamanov, the 19-year-old world champion weight lifter who defected to the West during a tourna-ment in Melbourne last week.

Mr Süleymanogin has been given a hero's welcome in Turkey and was paraded by Mr Turgut Ozal, the Prime Minister, at o news confer-ence on Saturday morning. If was virtually the first time since 1984 that the outside world has been able to obtain direct testimony on the fate of the ethnic Turkish minority in Bulgaria.

He confirmed reports that all Turkish names have been changed and that large numbers of ethnic Turks had been killed resisting the policy. Looking somewhat overawed by his reception, Mr Süleymanoglu said: "They changed all our names in

1984. Ahout 80-100 Turks were killed in the district of Kurudzhali and many people were put in prison. They shut the mosques and forbade the speaking of Turkish. By the end of 1985 ell Turkish names had been changed. Bulgaria claims that the

Turkish population volun-tarily chose to slavicise its names and denies reports by Annesty International that large numbers of people have been killed. However, it has persistently refused to allow independent outside observers to visit the Turkish popula-

• Turkey plans to allow its citizens to start cases in the European courts, including the European Commission on Human Rights, Mr Ozel said yesterday. His remarks came on the eve of a visit to Europe by Professor Ali Bozer, the Turkish Minister of State for EEC Affairs, to lohby support for a Turkish application for full membership of the Com

and the Danube is extremely low.

a day and is curtailing electricity and heat to households. Coal production for power plants is lagging well behind targets, and construction of Romania's first nuclear plant is years delayed.

rears delayed.

Bulgaria says that its power stations have been overhauled since it was forced to cut power stations.

Eastern Europe plagued by electricity shortages

BY LESLIE COLITY IN BERLIN ERRATIC ELECTRICITY sup-plies are causing widespread disruption in parts of Eastern As during the past two winters, Romania has restricted TV hroadcasting to a few hours

Romania is one of the coun-Romania is one of the countries most seriously affected. It has been accused by Yugoslavia of drawing excessive electricity from their joint hydro-electric power station on the Danube for the past three months. Both countries, along with Bulgaria, are suffering from one of the Balkans' longest droughts in living memory.

The Romanians are said to have taken far more hydro-electric power from the Gjerdap 1 station than the 50 per cent provided for under their agreement. Severe power outs bearings. ment. Severe power cuts have resulted in the Yugoslav province of Vojvodina where the daily shortfall is now some 7m kw hours. The Yugoslav news agency, Tanjug, sald that on December 9 the province was forced to import Am look forced to import am kwh from Switzerland.

Storage reservoirs in

Balkans

virtually empty,

snipplies sharply over the past two winters. Poor maintenance, together with the drought, is blamed for much of the shortage. Electricity consumption is said to have dropped by 10 per cent since last year by reducing waste. Hungary, more than ther Comecon country, more than any other Comecon country, de-pends on imported electricity

and was affected by the shutdown of Chernobyl-type nuclear reactors in the Soviet Union reactors in the Soviet Union after the nuclear accident last

可加加

16th December, 1986

British Steel Corporation U.S.\$50,000,000 8% per cent. Guaranteed Bonds 1989

S.G. Warburg & Co. Ltd. announce that Bonds for the nominal amount of US\$5,000,000 have been drawn for the redemption instalment due 15th January, 1967.

The distinctive numbers of the Bonds drawn in the presence of a Notary Public, are as follows:

AI Li by £9.

TF LF by Fr la

. b)

S. G. Warburg & Co. Ltd.

Paying Agency, 6th Floor,

1 Finsbury Avenue, London EC2M 2PA

Interest will cease to accrue on the Bonds called for redemption on and after 15th January, 1987 and Bonds so presented for payment should have attached all Coupons maturing

The amount of any missing unmatured Coupons will be deducted from the sum due for payment. Any amount of principal so deducted will be paid against surrender of the relative missing Coupons within five years from the date of payment. Bonds will become void unless presented within 12 years of the redemption date.

15th January, 1986

15th January, 1983

43707

15th January,

42877

1985 1102

1803

43722

1934

5230

or one of the other paying agents named on the Bonds.

US\$15,000,000 nominal amount of Bonds will remain outstanding after 15th January, 1987.

The following Bonds previously drawn for redemption on the dates stated below have not yet been presented for payment-

418

765

EUROPEAN NEWS

French ex-minister escapes bomb

BY DAVID HOUSEGO IN PARIS

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Prime Minister's bid form

ale Arab support was es of the West Bank which the

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Crass is not yet continue: his proposal will samely

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were put in prison. There

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names and denies met

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European leader, According to offick

ing two years ago, Italian officials so le C vision is less concerned security than with police operation. The aim works FRENCH FEARS of a renewal of terrorism were reinforced yesterday after a powerful bomb shattered the car of Mr Alsin Peyrolite, a former Justice Minister and leading commentator of the right-wing daily newspaper Le Figuro.

Mr Peyrefitte was not in the car but the explosion killed a mechanic. The attack occurred at Provins, a town south-east of Paris where Mr Peyrefitte is also mayor. Mr Charles Pasqua, the Interior Minister, implied that

VIENNA is fighting for its survival as a living city. Faced with a declining and ageing population, the city authorities are looking at radical ideas to rejuvenate the Austrian capital and prevent it becoming merely a collection of

Once the administrative bub

of an empire of 55m people

of an empire of 55m people the capital's population has dropped by a quarter this century to around 1.5m inhabitants and is expected to fall to under 1.3m by the year 2000.

Mr Helmut Zilk, Vienna's flamboyant and energetic socialist mayor, has no doubt that the city is at a turning point, "Vienna's is in a period of transition and change." It is finally coming to grips with its past and turning to the foture."

he says.

He admits that this is not easy for the Viennese, who found it especially difficult to adjust to the collapse of the empire. With about 2m inhabitants at the turn of the century,

tants at the turn of the century. Vienna was the world's fourth largest city, be says. After 1918 and the empire's demise it became an unimportant city on Europe's fringes.

"By the end of the Second World War it was reduced to what you see in the film The Third Man." The film, which is regularly shown here, depicts the city shortly after the war as bleak and broken, where scarcity had encouraged a thriving and sinister black market under the indifferent eyes of soidlers from the four

eyes of soldiers from the four foreign occupying armies.

Vienna has since grown prosperous but many Austrians still hanker after the "good old days" of the monarchy. "In 1918 Vienna had wonderful palaces and churches but 85 percent of bomes were without running water. For the majority there was appalling housing with widespread diseases among children." Mr Zilk says. Tuber-

with widespread diseases among children," Mr Zilk says. Tuber-culosis, caused by overcrowding, became known through Europe as "the Vienna disease."

Today, Mr Zilk says, it is possible to make a realistic assessment of the city's past and plan for the future. "The city is waking up and we are facing new challenges," he says.

These include making Vienna not only one of the mast attract

not only one of the most attrac-tive cities in Europe—there is

probably more renovation work going on in Vienna than in any other European capital — hut

aiso one of the cleanest and

Certainly there has been a resurgence of interest in open air, sports and fitnesss activities

with a strong emphasis on a

clean and natural environment. The traditional and classless

Frei Koerper Kultur (free body

bealthiest.

monuments.

extreme left-wing terrorists had been behind the attack when he said yesterday: "We know with whom we have to deal. They are the same people who are against Europe and against capitalism."

Terrorists from Action Directe, the left-wing terrorist Directe, the left-wing terrorist group, last mouth claimed responsibility for killing Mr Georges Besse, the former head of Renault. The trial in Paris last week of three Action Directe members on charges of murder had to be abandoned after severat members of the jury declined to serve. Yesterday'a attack marks

the first time that terrorists have selected a French politician as their target. Mr Peyrefitte currently writes the main political editorials for Le Figaro and is a senior member of Prime Minister Jacques Chirac's neo Gaullist RPR party.

Ho favoured the Govern-ment taking a strong line against the recent student demonstrations and has also

been a supporter of the pro-posed nationality law which would make it harder for immigrants to acquire French citizenship.

The bomb was planted in the rear of the car which Mr Peyrefitte normally uses at the weekends. It went off when the suspension lifted after the car had been started. By chance Mr Peyrefitte had chosen to use another car. The explosion killed Mr Serge Langer, an employee of the Provins municipality, who had come to collect the car.

Bangemann sees higher growth

WEST GERMANY'S Economics Minister, Mr Martin Bange-mann, said yesterday that his country's economic growth could ranga between 2.5 per cent and 3 per cent on average next year,

Reuter reports from Bonn. His prediction, made in remarks prepared for delivery to industry associations, is higher than that of the Govern-ment's Council of Economic Advisers, which last month forecast average gross national product growth at only 2 per cent in 1987.

Mr Bangemann said his pre-diction assumed a higher rate of growth at the start of tha year. He also assumed exports

year. He also assumed exports would rise again in the course of the year.

The volume of exports bad shown little increase this year, he said, because of the revaluation of the D-Mark, a decline in demand from Opec and East bloe countries as well as import difficulties experienced by some difficulties experienced by some

Dutch plea to US over IMF head

By Laura Raum in Amsterdam

MR RUUD LUBBERS, Prime Minister of the Netherlands, has written to Mr Ronaid Reagan, the US President, seeking American support for the Onno Ruding, as the new head of the International Monetary

Fund. The letter, delivered by the Dutch ambassador in Washing-ton last week, highlights a con-certed campaign to install Mr Ruding as IMF managing direc-

Mr Ruding's chances were thought to have been hurt by an apparentiy unprecedented display of open lobbying during the IMF annual meeting in Washington last October.

The IMF board of directors is expected to choose a manag-ing director this week after months of delay caused by a battle hetween Mr Ruding and Mr Michel Camdessus, gov-ernor of the Bank of France. Because of lack of agreement in the European Community both men, instead of a single candidate, have been proposed for the job, which traditionally goes to a European

Given the divisions, support from the US could decide who will succeed Mr Jacques de Larosiere, who plans to step down at the end of the year.

Originally, the Dutch were confident of wide support for Mr Ruding, known for bis strict budgetary policies. But they admit privately that the long and hitter battle with the French may bave dented his chances.

Mr Wim Duisenberg, president of the Dutch Central Bank, yesterday urged Britain

Europe's big chemical concerns to set up re-insurance group

BY WILLIAM DAWKINS IN BRUSSELS

EUROPE'S MAIN chemical pro- large." Cefie refused to give the fact that legislation was not ries created by the Sandoz next few months. chemical disaster.

Mr Arnout Loudon, president of CeBc, the European chemical manufacturers' federation, told ance companies in respect of a meeting in Brussels that while their chemical industry risks, he saw "no justification" for a rather than the creation of a systems of collective liability, direct insurance groups. In this the industry was considering a number of ways to ease "the involved could influence their present ilability insurance own insurance premiums.

ducers are planning to set up furthers details of the scheme, their own re-insurance group in which it says will be unveiled responso to environmental wor- as a matter of nrgency in tho

However, the pian is understood to involve establishing a group to provide cover for insur-

a complete safeguard against environmental accidents. Nevertheless, he added: "The chemical industry accepts its responsibility for compensation for damages resulting from faulty operations, when the cause is clearly established."

But to meet these responsibilities, it was becoming "increasingly difficult to obtain the required cover." This was not just because of insurers' wor One of these was the creation of a "re-insurance pooling system by and for the industry at the Sandoz plant had underlined of the industry at the Sandoz plant had underlined underlined of the industry of a series of beavy claims in the chemical splitting at the Sandoz plant had underlined underli

Narjes defends research stance

THE EUROPEAN Industry four research budget discommissioner, Mr Karl-Heinz ciplinarians—France, West states today when he files to Narjes, yesterday denied he Germany, Britain and the was seeking cuts in the EEC Netherlands—and the eight with EEC research ministers member states which support attending a conference on the Commission's full technember states over technology budget.

THE EUROPEAN Industry four research budget discommissioner, Mr Karl-Heinz ciplinarians—France, West states today when he files to Stockholm for private meetings attending a conference on Eureka, the technology alliance formed by 19 West European Countries. spending.

Speaking before the European Parliament's energy and research committee, Mr Narjes said that the Commission was making no financial conces-sions to member states which wanted to see large reductions in its proposal for an Ecu 7.735bn (£5.5bn) research

budget for 1987-91. He came under strong criticism from MEPs over his compromise offer for a threeyear interim Ecu 3.7bn plan, with gradually increasing levels

However, Mr Narjes told the committee that the interim plan was simply a different way of repackaging the original proposals so that member states could bave a clear idea of wbat they were spending on research each year, rather than committing themselves to a final position. committing themseives to a five-year budget.

The compromise plan envis-ages a 21 per cent compound annual increase in research spending, starting with Ecu 1.05bn in the first year, which brings it to the full Ecu 7.735bn

final position.

However, Mr Narjes refused to commit himself yesterday on what stance be proposed to take at the next formal meeting of EEC research ministers next Monday beyond saying that he Monday, beyond saying that be would not be withdrawing the scheme. Both the Parliament and Mr Jacques Delors, have called for the programme's abandonment if member states



challenge of the future culture) with its emphasis on exercise, bathing, nudism and the same, bas retained its popularity, heiped by the growth of the Green movement.

> capitals.
>
> Politicians also plan to build on the city's historical heritage and inique central European location to make it a dynamic centre of east-west contact. Since Roman times Vienna has

> been a crossing point between the north-south Baltie to Adriatic route and the east-west Despite the ebb of detente, many Viennese politicians believe it is possible to give new impetus to relations between Vienna and its also provide fresh husines

> > Mr Zilk would like to realise at least part of his vision of Vienna as a modern interrational city abia to build on its past. "There is no point in dreaming of the monarchy. We must deal with today to do what

> > Recent visits to Prague and Budapest bave convinced him that closer links are possible despite the political differences. He believes there are better chances today of bringing the three cities—which have still

> > "We are moving in small steps," Ha says. These include

This area, on the bleak flood plains surrounding the river, bas traditionally been isolated from the main life of the city, although it has been the focus of numerous efforts to redress the belonce. The Brune Kreisky. the balance. Dr Bruno Kreisky, the former Socialist Chancellor, is said to bave fought bard to ensore that a General Motors plant was located on this side of the Danube, hoth to provide a form of artistic and to under a focus of activity and to under-pin western presence and interest in an area that was under Soviet occupation for 10

route along the Danube.

Politicians plan to

build on the city's

make it a dynamic

centre of East-West

Danube with new housing, shops, sports and recreational

centres and an international railway station to handle high speed trains linking Western and Eastern Europe.

unique central European location to

contact.

historical heritage and

The Viennese may complain about draughty streets but the wind which sweeps down from the Vienna woods is cleaner and Fritz Hofmann, who is responsible for planning at tha purer than that over most Euro-pean cities. They are occasion-ally accused of having an almost pathological phsession with the town hall, says that a US com-pany bas been asked to make cost assessments for various proposals, but that it will only be possible to make full estimates once projects are environment but their city has more parks and open spaces than most of the world's more clearly identified.

In any case it will be costly.

In any case it will be costly. A new railway station and tracks for bigh speed trains to Vienna may alone cost no to Sch 30hm (\$2,1hm).

Financing will be shared by the city of Vienna, the federal government and state utilities companies, although some input from the private sector is likely. The high costs may dampen enthusiasm at a time when the Government is seeking cuts in expenditure to reduct its budget expenditure to reduct its budget deficit, but these projects would industry and new jobs, both of which are powerful arguments in favour.

Communist neighbours. It is at the heart of Mr Zilk's vision for the city's future.

Several ideas are being considered. A wide-ranging public consultation exercise includes a competition on developing a vast area north of the Danube with new housing. much in common-closer to one

improving communications such as railway services between the three cities next year. A faster service will shorten the journey from Vienna to Budapest by about an hour and the Czecbeabout an hour and the Czechoslovak anthorities have
apparently agreed to speed up
the excruciatingly lengthy controis at their border with Austria. An Austrian clothes shop
and cafe is soon to open in
Pragua and a Czechoalovak
store in Vienna.

There are more ambitious ideas. One that bas already been discussed informally between Vienna and Budapest is for the two cities to jointly stage a world exhibition in the mid-1990s whose themes, officials in Vienna suggest, could be the city, urban development and the environment. All of which would seem venustably supported themes. remarkably appropriate themes for a city that has in the past establisho dlandmarks in urban A vast office complex which houses several UN organisations planning and innovation.



Rau hits out at Perle's 'unacceptable' remarks

THE West German Social Democrat leader, Mr Johannes Rau, yesterday attacked Mr Richard Perie, the US Assistant Defence Secretary, for suggesting that Bonn should cut credits to East Germany and use the to East Germany and use the money to raise military spendmoney to raise military spending. Reuter reports from Bonn.
Mr Ran, who is leading the SPD into a general election next month, told a news conference that Mr Perla had adopted an nnacceptable tone towards West Germany.

Germany, "I was very shocked that Perle made this remark, which shows that some US politicians believe they can treat the Bonn government any way please," be said.

Mr Perio told a West German newspaper last week that Bonn should do more to increase defence spending and said it could find the necessary money by cutting regular credits to East Germany.

Government officials bave

indicated irritation with his ramarks and members of Chancellor Helmut Kohi's Christian Democratic Party said they showed that Mr Perle did not fully understand East-West German relations, Regular credits helped make East Germany's economy dependent on the West and also improve the living standard of its 17m people, they said.

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Judge in MI5 trial voices scepticism on British case

Chris Sherwell reports from Sydney of Mr Simos sought to tender as ordence and respection of the systematic form of the systematic form of the British argument in the New South Wales for Mr Simos Supreme Court raised tho most serious questions yet, over whether British can win tho injunction it seeks against Mr Wright and his publishers will be more charitable to suppermed the British and his publishers and his publishers argument with the Simos of the Wright and his publishers are serior yesterday, Mr Mr Simos sought to tender as ordence are contacted from the tender as ordence are the special form. Mr Simos sought to tender as ordence are contacted from Hard Simos sought to tender as ordence when Mr Simos sought to tender as ordence are contacted from Hard Simos sought to tender as ordence are contacted from Hard Simos sought to tender as ordence are contacted from Hard Simos sought to tender as ordence are contacted from Hard Simos sought to tender as ordence are contacted from Hard Simos sought to tender as ordence are contacted from Hard Simos sought to tender as ordence are contacted from Hard Simos sought to tender as ordence when Mr Simos sought to tender as ordence are contacted from Hard Simos at respect of the late of the British argument whether Hard Basic Internal miscondition to the country's large newspaper group. Retain the seeks against Mr Wright was prepared to the substantiate the allegations. Miss Massiter, Mr Turnbull standard materials and the cannel of the persons duct by Mils was prepared to the substantiate the allegations. Miss Massiter, Mr Turnbull standard materials and the cannel was unworthy of its name because of its failure standard materials and the cannel was unworthy of its name to deal resignation. The substantiate the allegations are calculated by the substantiate the allegations. Miss Massiter, Mr Turnbull standard materials and the cannel was unworthy of its name to deal resignation tenders to a question or standard materials and the substantial to the allegations. The sub

to take any meaningful stand on News Corporation's \$1.8hn (£850m) bid. "I am not pre-pared any longer to lend my namo to giving it a credibility it does not deserve," ho wrote in a five-page letter of resignation.

Mr Wootten said the council was now little more than a façade for the interests of newspaper proprietors.

Israeli

reform plan

By Andrew Whitley in Jerusales

in disarray

If the judge felt it was neces If the judge felt it was neces-sary to prove harm was caused, or that this outwelghed any public interest in publishing the material, this was set out in the affidavits of both Sir Robert Armstrong, the UK Cabinet Secretary, and of Mr Michael Codd, his Australian counter-

changes became sharp. Pointing to books published by Mr Chapman Fincher and Mr Nigel West and television interviews by Miss Massiter and Mr Wright—all with "abundant forewarning and, in my view, abundant opportunity to do something ebout it"—the jndge asked: "How can one accept that the British Government was genuinely concerned to demonstrate that Mis is leakproof?"

Ho went on: "When a govern-Ho went on: "When a government, having done nothing, despite every opportunity to do something, comes along and says information must be protected in the public interest, it is hard to avoid the conclusion that that is baloney, if I can be forgiven the expression." One of the most heated ex-

tian public interest to know what was in Mr Wright's book was outweighed by national security factors.

"idiculous" and "insupportable" to argue, as Sir Robert and Mr Codd had done, that Britain or Austrelia might stop receiving information from the American CIA unless Mr Wright was best quiet. was kept quiet.

Moreover, if the truth was that, through incompetence or falsebood, the Australian people were being kept in the dark and led to believe all was well when it was not, then, as asked. "Why should they not be told?" "If the truth of the matter i

we're not as free from Soviet influence as we've been led to believe...why shouldn't we be

Tokyo set to top defence spending ceiling

THE Japanese Government is likely next year to break through its 10-year-old self imposed ceiling limiting defence costs and lower economic growth meant that "it would be difficult" to hold the 1 per cent line in the fiscal year spending to 1 per cent of gross National product.

Mr Masaharu Gotoda, the Chief Cabinet Secretary, said at a press conference yesterday that the combination of rising

enough: the discount rate et 3 per cent has plumbed an all-time low, while the monetary aggregates are growing much

faster than nominal income.

The OECD points out that

The OECD says thet a tem-

d toward

THERE are few things in the Caribbean which excite passions more than cricket and politics to

the approach of Mr George Chambers, Prime Minister of Trinidad and Tobago, to yester-day's general election is hardly

"They caonot bowl me out.

They want me to declare but I am not declaring," the Prime Minister eays of the challenge to his Peoplo's National Movement, which has dominated the

ment, which has dominated the country's government for three decades. "If they want me out they must bowl me oot. But as far as I can see they heve no

Mr A. N. R. Robinsoo, leader

of the National Alliance of Re-construction, a coalition of four

parties which presents a major challenge to the PNM, may think his bowlers need only mop up the ruling party's tailenders.

Public opinion polls published last week suggest that Mr Cham-

bers' occupation of the Prime Minister's office will end today. The polls say that the NAR will

take 55 per cent of the votes and about 24 of the 36 parliamen-

tary seats at stake.

surprising.

OECD SEES BARRIERS TO EXPANSION

Demand in Japan will not be moved

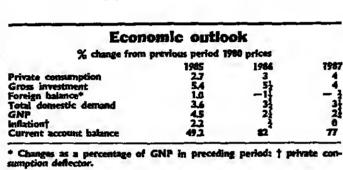
JAPAN IS having only limited JAPAN IS having only limited success in solving its central economic problem—the replacement of export led growth by domestic expansion of demand—the Organisation for Economic Co-operation and Development (OECD) soggests in its latest survey of the Jepanese economy, out today.

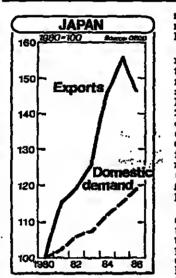
The Paris-based forecasting organisation expresses concern

organisation expresses concern that the large gains in Japan's terms of trade resulting from the yen's strong appreciation and the balving of oil prices are not translating as they should into higher domestic spending. It says that "because of institutional and other barriers," the pessing of terms of trade gains

For example, although the rise of the yen has led to significant falls in the import prices of unprocessed foods, such as wheat, barley and beef, Japanese consumers have not gained because wholesale prices have remained roughly constant. Similarly, prices to the final consumer in many service sectors have not declined despite big savings on import

The problem of adjustment to the strong yen is exacerbated because, as the OECD puts it, while the manufacturing sector in Japan is very competitive and innovative, the record of the non-manufacturing non-manufacturing sectors is rather less distin-guished." Inefficiency and Inefficiency excessive regulation of the ser-





sumer gaining the benefits of 1987. the strong exchange rate. The failure to pass on terms

strong yen on net exports has not been offset by a sufficiently huoyant domestic economy.

Activity, says the OECD, was government expenditure rose much lower than expected in in real terms by less than 1 per the first half of 1986 when gross cent between 1980 and 1985, while real CND arounded by 21 the first half of 1986 when gross rational product rose at an annual rate of only 14 per cent. The general government projects growth this year of ment deficit was brought down 24 per cent—the worst in a from 5.5 per cent of GNP to 1.4 decade—and an expansion of per cent over the period. only 24 per cent in 1981. This... The present stance of fiscompares with an estimate cal policy despite cosmetic. only 27 per cent in 1865. Initial. The present stance of inscompares with an estimate cal policy despite cosmetic from the Ministry of Inter-changes, is still neutral rather national. Trade and Indiastry than expansionary: the OECD (Miti), that Jepan's potential expects no significant rise in the growth rate is no less than 51 deficit as a percentage of GNP.

The sluggishness of Japan's domestic economy accounts for weaker external demand facing the OECD's projection of rising Japan "may be appropriate." unemployment in 1987 and partly explains why the current matters for the international ecount surplus, expected to community is not so much how the areas of SRShm this very the transition rowards domestic. will moderate only slightly in demand led growth in Japan 1987.

The OECD warns that the actually achieved."

The OECD warns that the smooth transition towards more *OECD Publications, 2, rue vice and distribution sectors is of trade gains has meant that balanced growth, needed if propreventing the Jepanese conthe deflationary impact of the tectionist pressures in the Andre-Pascal 75775, Paris.

By Andrew Whitley in Jarussiam A PROGRAMME of sweeping economic reforms the Israeli Government is seeking to introduce was in considerable disarray yesterday with the Finance Ministry retreating on several of its key aspects. As recriminations continue over the way in which the programme was leaked last week, a second meeting in three days of the inner-economic Cabinet headed by Prime Minister Yithak Shamir, ended in failure to reach a ended in failure to reach a

ended in failure to reach a common position.

The four-member policy making body—two each from Labour and Likud—will have had before it November's unexpectedly bad inflationary figures. These reinforced the Treasury's argument that structural changes are now urgently needed by the Israeli economy, if the country is to build on the success of last year's emergency stabilisation programme. West are to be countered, will "not be easy to achieve in the short term." This is partly because the reliance on foreign demand was so great between 1980 and 1985 when export volume rose by more than 55 per ceot while domestic demand grew by only 16 per cent. So far as macroeconomic policy is concerned, the OECD makes it clear that Japanese monetary policy is already easy

programme. Consumer prices rose las menth by 2.9 per cent the second highest figure in the last year bringing the inflation index for the 11 months to November to 17.9

per cent.

The possibility of strike action by a section of the powerful Histadrat Islour federation, which is complaining that the Treasury's proposals are socially regressive, eased last night following indications by the

following indications by the Prime Minister that changes were still possible.

The Reagan-style economic reforms were originally due have been put to the full Cabinet for its approval last Sunday, But the debate has been repeatedly put off as Treasury officials work on hasty revisions to their draft. Mr Emmanuel Sharon, director-general of the Finance Ministry insisted yesterday that the aim of the programme was not just to programme was not just to reduce taxes on top incomes but te expand the overall tax base. He added that the Government also wanted to reduce corporate taxes.

Loan sets IMF seal of approval on Morocco's economy

BY FRANCIS GHILLES

THE International Monetary Fund is set to approve today.

Fund is set to approve today, a standby loan for Morocco worth SDR 230m (\$276m). Earlier this year, the strain in relations between the IMF and Morocco led to the suspension of a \$240m lino which had been agreed in September 1985.

Last year witnessed a shortfall in government revenue coupled with an overrum in expenditure. By mid 1986 arrears had reached Dirhams 9hn (\$1.03bn) and the hudget deficit of 10.4 per cent, later reduced to 6.6 per cent, was felt by the IMF to be too high.

Officials in Washington are happier with Morocco's economic performance this year. Bumper crops after five years of drought a sharp rise in tourist receipts and workers' remmittances have coincided with external developments with external developments such as the collapse in the price of oil and lower interest rates.
The IMF is also comforted by
the agreement reached between

Morocco and its international bank creditors after three years of protracted negotiations which allows for the rescheduling of \$1.6bn of principal debt over a 10 year period, starting in January 1987, with four years grace. The borrowers will have cent pay a margin of il per cent over the interbank rate.
The \$450m worth of bankers' acceptances, most of which were issued by US banks before: August 1983, when Morocco formally requested that its external debt be rescheduled, and which it treated as working

over six years.

5.5 per cent this year to companies so much money Dirhams 137.6bn (\$15.7bn), State funded investment

Canute James reports on the political outlook as Trinidad and Tobago vote

Trinidad coalition waits in the wings

CURRENT CCCOUNT DEFICIT (\$bn). 1983 1984 1985 1986 1987 -1.31 -0.99 -0.89 -0.25

FOREIGN DEBT SERVICE AFTER RELIEF (\$bn) 1.20 1.09 1.35 1.00 1 As a % of export goods, service/ transfer 23.5 34 33.4

> DEFICIT OF CURRENT ACCOUNT (% of GDP) 11.6 8.2 1.7

DRAWN FOREIGN DEST (SDR BN) 13.4 13.3 13.9 13.9 Source: IMF and Morocean authorities

improved performance of the Morocco's current account deficit from \$1.3bm in 1983 to \$890m last year. This year it is not expected to be more than

The trade account, however, only improved by 8 per cent in 1985 and the IMF remains unhappy about Morocco's reluctance to cut imports.
Morocco's external debt stands at SDR 13.9bn (\$16.7bn), a figure which has not altered significantly since 1908 but which amounts to 109 per cent

reforms remains. Mr Mohammed Rerrada, the Minister of Finance appointed last April, has played a good hand with the DMF and the international banks. He has introduced value capital will be converted into a added tax, but an increase in six year facility, which carries a taxation remains a necessity, similar margin. Trade arrears of \$170m will be rescheduled declined by two parcentage The ratio of tax to GDP has declined by two percentage points to 21 per cent since 1980, Morocco's gross demestic an absurd situation et a time reduct will increase by at least when the state owes Moroccan State funded investment has

Thailand flights for Dragon **Airlines**

HONG KONG Dragon Airlines, which has faced fierce opposition from rivals since its establishment 16 months ago, marks e major breakthrough today with the start of scheduled services to Thailand,

of scheduled services to inatiant, reports David Dodwell in Hong Rong.

The company, controlled since October last year by Sir Yue-Kong Pao, has also revealed that applications to serve destinations in Japan, Chine Course and Marini will be China, Guam and Nepal will be heard by Hong Kong'e Air Traffic Licencing Authority on December

Jordan airline plans West Bank office West Bank office
Mr Ali Chandour, chairman of
Royal Jordanian Airlines, said
yesterday he hoped to reopen
the national airlines' offices on
the West Bank, occupied by
Israel since 1967, and to increase tourism in the area,
Reuter reports from Amman.
He referred to the area as
part of Jordan, a position at
odds with Palestinian nationalicts who see it as the heart of a ists who see it as the heart of a future Palestinian state. The plan, on which the airline chairman offered no details, could obviously not be implemented without the approval of

PLO agrees ceasefire PLO agrees ceasefire
The Palestinian Liberation Organisation (PLO) led by Mr
Yassir Arafat yesterday agreed
to an immediate ceasefire et
the embattled Palestinian
refugee camps in Lehanon, a
Palestinian spokesman told
Reinter in Iraqi capital of
Baghdad. In Lehanon itself,
the hattle lines around the
camps, under siege by the Moslem Shia Amal militia for
several weeks, remained relatively calm yesterday. tively calm yesterday.

Tamil Tigers on top The Tamil Tigers, already the most powerful of the separatists guerrillas fighting the Sri Lankan Government in the northeast of the country, yesterday appeared to emerge un-challenged in the movement, Our Foreign Staff writes. At last 75 people were killed over the weekend in clashes between the Tigers and the rival Tamil groups, state radio said yester-day.

of GDP.

The need to press alread with mixed, with army sources were made by Mohammed elated that the groups were Government reaction fighting each other but with ministers worried over the accendency of the "most un-compromising" Tigers.

Sikh terrorist held

Indian police in northern Punjab state have captured the country's most wanted Sikh terrorist leader, Mr Dhanna Singh, state police officials said yesterday. Meanwhile, police yesterday lifted a curiew in most of the Sikh holy city of Compared with 4.3 per cent in however, been cut in nominal Amritsar after a general strike terms by 2.8 per cent to protesting against the assassinative good careal crops here played a vital role. The next year's budget.

AMERICAN NEWS

White House says Regan ready to testify

THE White House offered yes terday to send Mr Donald Regan, the Chief of Staff, to Capitol Hill to tell Congress what he knows about the contro-versial Iranian arms deals. The amnouncement by Whito Rouse spokesman Mr Larry Speakes followed comments on Sunday by members of the Senate Intelligence Committee that they would be considering whether to ask Mr Regan to

Regan, who has been under persistent pressure to quit in the wake of the affair, has consistently maintained that he did not know about the transfer of funds from the US arms sales to Iran to the Contra rebels in Nicaragua. He has said thet National Security Council staff did not report to the President

The president. The newspaper reported thet Mr Deaver, who was one of the President's inner circle of edvisers during the first Reagan Administration, has talked daily in recent weeks with Mrs Nancy Reagan. Mrs Reagan has also reportedly been pressing for Mr Don Regan'e resignation.

The president. The newspaper reported thet Mr Deaver, who was one of the President's inner circle of edvisers during the first Reagan Administration, has consistently maintained that weeks with Mrs Nancy Reagan.

Mrs Reagan has also reportedly been pressing for Mr Don the President of the President's inner circle of edvisers during the first Reagan Administration, has consistently maintained that weeks with Mrs Nancy Reagan.

Mrs Reagan has also reportedly been pressing for Mr Don the President of the President that weeks with Mrs Nancy Reagan.

Mrs Reagan has also reportedly been pressing for Mr Don the President of the President o

dent Ronald Reagan from his days as Governor of California, have also been urging the President to reconstitute the White House staff in order to make a fresh start for his last two years The New York Times reported

yesterday that in recent weeks
Mr Micheel Deaver has reemerged as an unofficial edviser
to the President. The newspaper reported that Mr Deaver,

The pressure on Mr Rogan are Mr Drew Lewis, former to quit, has come from Capitol Transportation Secretary, and Hill, but it has also been reported that friends of Presi- of Mr Reagan's.

Industrial production rises to highest level since April

BY OUR US EDITOR IN WASHINGTON

The increase followed three months of virtual stagnation November would rise. But but left the Federal Reserve many economists see the increase as a short-term reaction than 1 percentage point higher to earlier weakness rather than a sign that the economists is pleked.

INDUSTRIAL production in ber, which showed some re-the US rose by 0.6 per cent in covery in the number of November, the strongest gain workers employed in the manu-since April. than it was e year ago.

Employment data for Noveming up momentum.

trading prison term upheld

who was involved in a separate and much smaller insider operation in 1983 and

Canadian faces spy

Toronto. A Foreign Ministry spokes-man in Tehran said an inves-tigation was continuing into charges against Philip Boyd

Insider

By Anatole Kaletsky In New York THE PUBLIC controversy over the Ivan Boesky insider over the train needs insider trading scandal seemed certain to intensity pesterday after the US Court of Appeal confirmed a sentence of 18 months' imprisonment on Mr R. Foster Winans, the former Wall Street January reporter Wall Street Journal reporter

Although the Appeal Court's judgment was stayed pending a further appeal to the Supreme Court, the con-trast between Mr Winans prison sentence and the agreed non-custodial settlement between Mr Boesky and the Securities and Exchange Commission (SEC) could add to the growing pressure for a tightening of legislation on insider trading. Mr Winans had been found guilty in August 1985 of leak-

ing advance information to Mr Kenneth Felis, a broker for the firm Kidder Peabody about the companies which he planned to mention in his widely-followed "Heard on the Street" column in the Wall Street Journal.

charges in Iran
A CANADIAN ofl ongineer detained two weeks ago in Iran has been charged with esplonage and accused of photographing sensitive military areas, authorities said yesterday, AP reports from Toronto.



Chambers (left) and Robinson; both confident of outcome

of 1.1m people will be influ-enced less by the bombast of their political leaders and more by the parlous state of the once-

The PNM's begemony has about 24 of the 36 parliamen-bary seats at stake.

In the last election the PNM Mr Chambers, who is also Fintook 28 seats. The 900,000 voters ance Minister, devaloed the in the English-speaking Comcountry's currency by 3 per monwealth Caribbean Repoblic cent a year ego and reduced



government expenditure but lower consumption contributed to a string of business failures and unemployment has risen to 20 per cent.

. Income from oil in the first seven months of this year fell to \$277.7m, about \$400m less than was expected by the Government. Foreign reserves, which grew to \$3.16hn in 1982 stood at \$575.2m in June and

five finance houses two months ago, forcing the Government to take measures to protect the financial sector. The economy declined by 5.5

per cent last year and bankers and businessmen expect a similar performance this year. Business leaders have suggested that another devaluation is inevitable but the Government denies that this is being contemplated. Privately, however, some officials suggest a possible need to approach the International Monetary Fund next was which could lead to year, which could lead to another devaluation,

To correct some of these problems Mr Robinson, who describes himself as "reformist and moderate," promises greater deregulation of an economy in which the etate is beavily involved, particularly the divestment of some of the 66 major state enterprises.

"If we are elected our first

"If we are elected our first priority will be to rebuild business confidence, which includes putting private management in place in the public sector," Mr. Robinson says. "Part of this involves the divestment of state anterprises, especially those which are engaged in the production of commercial goods.

contributed to the collapse of and services. We will seek to five finance houses two months divest state enterprises such as those involved in iron and steel, fertilisers, canning and packag-

ing."

The ruling party is laying great store by the 2,000-acre industrial park and a steel mill fired by cheap, locally produced gas. These smoke stacks are being presented by the ruling party as indicative of what it can do if given another chance. Trinidad and Tobago's neighbours

bours
Mr Chambers' Administration did not support the US-led
invasion of neighbouring
Grenada in 1983 and tended to Grenada in 1983 and tended to be independent in its foreign policy, while not being publicly anti-American. Mr Robinson's promise to favour foreign and local private business, and indications that he will seek improved relations with Washington, will leave the more Conservative Caribbean governments hoping that the polls are proven correct. risaltionally the PNM has been supported mainly by Afro-Trinidadians, while the NAR draws most of its support from the Indian community. Much depends on the extent to which either party can cut into the other's support.

US Administration launches welfare reform campaign

BY NANCY DUNNE IN WASHINGTON

montal schemes over the next nearly 20 per cent of the population becefit from et least one

THE Roagan Administration The report, released after 10 of the 59 programmes designed that produced a major study months of hearings and study, accusing the US welfare system of cootributing to the in response to an order says. Spending has soared from capitals with scant regard for the principle of the study accusing the US welfare system of cootributing to the in President Ronald Reagant's \$21bn (in constant 1985 dollars) in dictions."

The report, released after 10 of the 59 programmes designed from faraway state and federal participants to work in the principal state of the study for the study tem of cootributing to the in President Konald Reagans persistence of poverty in state-of-the-union message last pear. The Administration is made an easing of the welfare rules form a top domestic initiative so that state and local officials can initiate a series of experimental schemes over the next 20 per cent of the population of the president Konald Reagans part in 1960 to \$132.2bn (£935n) in 1985.

The report also recommends an easing of the welfare rules form a top domestic initiative age people to be self-sufficient, yet its incentives inspire parameter over the next 20 per cent of the population of the work.

to go until I stopped crying. soldier."

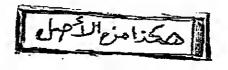
to work," the study eays.
"Moreover, the system 'para-

community standards and conditions."

Its numerous and often conflicting rules frustrate welfare workers and "demoralise the noor."

The report was attacked by Senator Daniel Patrick Moynithan, a New York Democrat and leading expert on welfare, as the familiar anti-federal rhetoric "that will "no more than The study recommends a programme of widespread, longgramme of widespread, long-term experiments with each

emancipate the poor than Reaganomics has balanced the



Louise Kehoe reports on a struggle for leadership of the world semiconductor market

Thailand flights for $D_{rag_{0\eta}}$ Airlines

ecember l

HONG KONG Drags which has faced feet to the from rivals since its save its

Jordan airling pk West Bank offer West Bank offer West Bank offer Royal Jordanian Andrew Parties of the West Bank offer the West Bank offer the West Bank offer the West Bank offer offer to the West Bank offer the West Bank offer the West Bank offer the West Bank offer offer to the West Bank offer the West Bank offer to the West Bank of the West Bank offer to the West Bank of the West Bank of Jordan a Renter reports from the Jordan of Jordan a Rest Status of Jordan a Rest Bank of Jordan a Rest Bank of Jordan a Rest Bank of Jordan of Jordan offer the West Bank of Jordan offer the West Bank offer the West Bank of Jordan offer the West Bank of Jordan of Jordan

PLO agrees ceas The Palestinian Library Seanisation (PLO) led : 225:17 Arafat yesteria; to an immediate constitution of the embattled fracturate camps in Leke Palestician spokesnar Recter in Iraqi car Baghdadi. In Lesiani Che battle lines and the battle lines and camps, under siege bet, iem Shia Anal mbe, saveral weeks, remaining twelve, remaining which calm jesterday.

Tamil Tigers out The Tamil Tigers, then this guerrillas fighting a Lankan Government a northeast of the countrictions appeared to say this length of the say this program of the say this program of the say this program of the say that the say this program of the say this program of the say this say that the say this say that the say this say that the say the say the say that the say that the say that the say that the say Our Fereign Staff with last 75 people were blei the weekend in class ki the Tigers and the right STOUDS, State radio site day. Government readm. mixed, with army significant that the group; fighting each other be:

ministers worried me creendency of the "ne compromising" Tiges. Sikh terrorist hel Indian police in northeri the state have carried COURTY'S MOST WHITE torroris: leader, Mr Et/ yesterday. Meanwille, yesterday lifted a cub most of the Sikh helys Arriver dier a general propertion against the and to violette.

obago vote

divers state enterpress Services, Canning and ruins part is seat store to the product and park and the product and the product are to the product and the product are minimal and to and to

Chambers And Control of the Control

EEC in warning shot at Canada

By Quentin Feel in Brussels

THE EEC yesterday fired a warning shot at Canada because of growing strains in trade relations, hinting at retaliation if a variety of trade restrictions are not relaxed.

The issue has been brought to a head because of the imposition by Canada of countervaling duties on pasta imports, aimed originally at the US, but now

hitting Itolian exports.

The community has already comploined to the Genoral Agreement On Tariffa and Trade in Geneva about the

action.
Now EEC foreign ministors have been told that Canadian measures are also threatening community beef exports. English-language books and teabags from the UK, fish and expitely oil

aspholt oil.

The aim of yesterday's statement was to underline that the 12 EEC states are losing patience over the lack of progress with Canoda on a broad range of hilateral issues, in spite of a recent high-level meeting with the European Commission.

The ministers "expressed concern that, if these issues were not rapidly resolved, thore could be a detorioration in the norm-ally very good relations between the EEC Commission and

the EEC Commission and Canada."

They invited the commission "to continue to pursue these matters vigorously and firmly with Canodo," both in bilateral negotiations and where appropriate in the Gatt.

On pasta, the t2 warned that "a corners situation would arise

"a serious situation would arise in EEC/Canada relations if the countervailing duties were not withdrawn."

Italy has made clear it will ask for a list of possibla retaliatory measures to be drawn np if the pasta issue is not resolved.

Turkish group in nylon yarn deal with Dupont By David Barchard in Ankara

THE Sabanci Group, Turkey's

negotiating with foreign com-panies. The plant will probably export about a third of its pro-

Belgium to manufacture steel bound ships will rely on concords for car tyes in Izmir. Sabanci owns Lassa, one of Turkey's big tyre producers and Kords, which makes cord if trade remains as buoyant as fahrie. Regrett

US chip industry becomes a national talking point

tor market is quickly moving are all taking a close look.

beyond the realms of a trade dispute to become a strade dispute to be

groups studying the situation. The Defense Department, the

THE STRUGGLE between the National Security Council, the national issue. The government quality of life," a defence what the Government has leaders say.

US and Japan for leadership in the \$200m world semiconductory and the Commerce Department, thing must be done," says Mr concluded.

The struggle between the National Security Council, the national issue. The government quality of life," a defence what the Government has leaders say.

It appears very likely that concluded.

Sporck, president of National the Department of Defence will

eonductor industry is "begin stream effects will be pervasive; tary supply capability that this a high volume commercial prothan funding individual or even ative manufacturing offort ning to be recognised as a loss of jobs, opportunities and country needs. I think that is duction facility, industry-wide research projects step in the right direction.

tor market is quickly moving beyond the realms of a trade dispute to become a major national economic and defence issue.

This is in addition to industry, indopendant and consists of the controversial US-liveness of the controversial US-laptness estimiconductor trade agreement continues, the attennage of the controversial industry leaders and industry leaders and labeled appropriation. The semiconductor industry leaders and labeled over the fitture of the agreement continues, the attennage of the controversial industry leaders and labeled appropriate industry leaders and labeled appropriate industry leaders and labeled appropriate industry research at the semiconductor Research Corporation, an industry research to US defonce policy. There is growing concern in defence intractions of the controversial US-laptness estimiconductor trade agreement continues, the attennage of the controversial industry leaders and labeled labeled over the future of the factors on foreign, especially as recently been increased by the proposed salo of Fairchild control of the factors on foreign, especially as recently been increased by the proposed salo of Fairchild control of the factors on foreign, especially as recently been increased by the proposed salo of Fairchild control of the factors on foreign, especially as recently been increased by the proposed salo of Fairchild control of the factors on foreign, especially as recently been increased by the factors of the industry reports suggest that the task force or which is a member of the control of the call superiority that is central to US defonce policy. There is growing concern in defence and superiority that is central to US defonce policy. There is to US defonce policy. The call superiority that is central to US defonce policy. The s

conductor manufacturing technology) involvos chip prothat the task force will require funding for the project at over five years. "Ceragreement continues, the attention of industry leaders and many of their Washington supporters has turned to proposals on behalf of US chipmakers on behalf of US chipmakers and industry.

"save" the US semiconductor trade industry in the use of the stemion being given to the semiconductor industry's problems in the number of high levol groups studying the situation.

The efficient of the semiconductor is the number of high levol groups studying the situation.

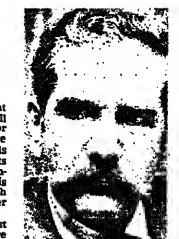
This been made a priority by the Commorce Department, which is the industry into a national industry into a national industry into a national industry into a national issue:

Semiconductors are the basic building hlocks for all olectronic goods. "Without a semi-conductor industry to provide a base for all our high technology chdeavours, the future conductor industry into a national issue:

Semiconductor, one of the sum-level of the stem-tool being given to the semi-conductor industry to provide a base for all our high technology chdeavours, the future conductor industry into a national issue:

Semiconductor, one of the sum-level of the stem-tool issues are closely been increased by the proposed sale of Fairchild on the semi-level of the stem-tool of the s

Semiconductor, who is spearsupport Sematech," says Dr
heading an industry proposal
for a major collaborative inhoard task force of which he is



Charies Sporck: spearheading collaborative project

if the US is to have the industry it needs.
US industry executives wel-

ative manufacturing offort as a

Norwegian venture to

boost NZ shipping By Kevin Brown, Transport Correspondent

A joint venture shipping operaton is expected to be announced in Auckland today which could have a significant import on trade between Now Zealand an.

Japan.

Kristian Jebsens Rederi, a
Norwegian shipping group, a
believed to have reached ogreement with Tasman Pulp and Paper on the formation of a jointly-owned susbiidary to be called Tasman Jebsen New Zes-land Line.

land Line.

Taman Pulp and Paper, a subsidiary of Fletchor Challenge, is New Zealand's higgest exporter of manufactured goods. The total investment proposed by the two groups is believed to be more than \$100m (£70m).

The new line is expected to

The new line is expected to operate five ships, making it New Zealand's biggest shipping new Zealand's diggest snipping company. The major route would be to Japan but services are also expected to be offered to other parts of Asia.

Jobsen's decision to expand its interests in New Zealand its interests in New Zealand and the statement of developments. follows its success in dovelop-ing a profitable tramp shipping operation in competition with established services to Japan and Korea run by the Integrated

Container Services conference. container Services conference.

Second largest industrial
empire, is to set up a joint
vonture with Dupont de
Nemours of the US to manufacture nylon yarn at Izmir,
near Istanbul.

The deal is the latest in a
series of 50-50 ventures which
the big Turkish groups are
negotiating with foreign com-

Japan. Tasman Jebsen is expected to carry most of Tasman Pulp and Paper's exports to Asia, as well duction.

Sabanel is also planning a as refrigerated cargo, forestry

Japan car makers in move to increase exports to US

BY JOHN GRIFFITHS

Tho Japanese Antomobile Manufacturers' Association is putting pressure on Japan'a Ministry of Trade and Industry not to renew the voluntary not to renew the voluntary restraint agreement limiting shipments to the US when it expires in March, according to DRI Europe in its latest world car market analysis and fore-

cast.

This follows the outery in Europe over Japanese manufacturors capturing a record 12 per cent-plus of the European market, representing a 22 per cent volume increase, in the first three-quarters of this year, and the subsequent imposition by Japan's Trade and Industry Ministry of a Lim

and industry samistry or a 1.1m voluntary export restraint to Europe for this year.

US car manufacturers were granted a reprieve in the domestic market this year as Japanese rivals switched attention to western Europe because of the work right variety the of the yea's rise against the

of the yea's rise against the dollar.

While DRI forecasts that direct Japanese imports to the US will stabilise, it warms that total Japanese sales in the US ore likely to grow significantly in the next faw years through the activities of transplants—US production facilities.

With imports from countries such as Korea, they will account

such as Korea, they will account for a 3 per cent fall in the size of tha US market next year outpaced by an 8 per cent fall in sales made by US producers. While there might be a grow-

ing belief that demand for Japanese cars in the US is faltoring because of price increases, "in reality Japanese sales during the current quota year are running ahead of last

However, inventory had been accumulating, indicating that "demand for Japanese cars is not unlimited."

The rise in inventory indicated that the ceiling on demand "is being approached at current price levels," raising questions about how the Japanese will be able to soll 1.5m more US-produced cars by 1988 without a downward price adjustment."

In western Enrope, DRI fore-casts that record ILSm demand in 1986 will be followed by stag-nation next year.

DRI does not expect the Japanese manufacturers to hold

Japanese manufacturers to hold on to their current collective third place, behind VW/Seat and Flat in tho short term. But it warns that in the medium term they will continue to improve on their market share. Not least this is because the UK-assembled ears from Nissan and Honda will have at least 60 per cent EEC content, thus allowing them unrestricted access to France and Italy, two countries which all but exclude Japanese imports.

Japanese imports. The DRI World Automotive Service Forecast Report, 30 Old Queen St, London SWIH 9HP.

CAR SALES AND PRODUCTION				
· ·	1980	1984*	1987*	1990*
World Sales	28,843	32,737	32,459	34,973
Western Europe Sales Production	10,119 10,347	11,292 11,412	11,236 11,784	11,471 12,257
North American Sales Production	9,907 7,212	12,322 2,928	11,927 8,543	12,457 9,031
japan Sales Production	2,854 7,938	3,795 7,757	1,242 7,729	3,366 8,054
South Kores Production Exports	57 15	414 277	436 445	910 640
* Forecast			Source:	DRI Europa

£1,400.

Dutch ready to sanction submarines deal with Saudi Arabia

THE Dutch Government has promised to grant an export license to the Rotterdam Drydock Company if it wins a Fl 3.5bn (21.07bn) order for eight submarines from Saudi

Arabia.
Yesterday was the deadline for bids to be tendered to Sandl Arabia, which is expected to take np to six months to award the contract. The Duich cabinet has decided such a contract would

meet official criteria on exports of military material, that it would not fuel Middle East tensions because Sandi Arabia is a stahlising factor in the region and would not jeopardise Israel'a security. Relatively little controversy has surrounded the mosted has surrounded the mosted order because it would provide valuable lobs in the Netherlands' struggling shipbuilding industry.

Rotterdam Drydock is one

of seven West European ship-yards vying for the Saudi con-tract involving eight sub-marines, harbour facilities marines, harbour facilities and personnel training.
The other shipyards are Vickers Shipbuilding and Engineering of the UK, Howaldtswerke Deutsche Werft of West Germany, Thyssen Nordseewerke of West Germany, Direction des Constructions Navales and Thomsen CSF of France

Kockums of Sweden and Fincantieri of Italy. The Rotterdam Drydock Company notes that Dutch-Saudi relations have improved notably since a visit to Ryadh by Mr Rund Lubbers, the Dutch Prime Minister, and Mr Hans Van Den Rrock, the Vanden Winters to 1984

Foreign Minister, in 1984. The Saudis are believed to want to diversify away from France as an arms supplier toward a country that is less

involved politics. Rotterdam Drydock is offering its Moray 1800 conventionally-powered submarino with advanced electronics by Hollandse Signaalspparaten, the military communications subsidiary of Philips. Several Moray submarines also are on order by the Royal Dutch Navy.

The Rotterdam shipyard would hoad a consortium

Groep, a Dutch construction company, which would build the harbour facilities. Financial details are still to be decided. Whether the Hague would provide export credit insurance may depend in part on whether Saudi Arabla makes a hofty np-front payment, as has been suggested. Some mention also has been made of a barter doal involving crude oil. doal involving crude oil.

including Hotlandse Beton Groep, a Dutch construction

"To hit the 27th we had no room for second attempts — with ICL we didn't need any"

We have been supplied with computers by ICL since 1968 These can now process more an 10,000,000 transactions saday-without problems. I by the end of the decade s figure is likely to have oubled."

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MAJOR US BANK

Twoold like to thank ICL for all then efforts and involvement in producing our systems for "Big Rang" It was first class All our systems performed admirably.

MAJOR UK INVESTMENT BANK

As you can see, some computer systems have withstood the pressures

of this year better than others. For instance, all gilt transfers passed smoothly through ICL systems as they have for the past 20 years. Our ongoing record at BACS (the

largest Automated Clearing House in the world) really speaks for itself. And now, in the wake of Blg Bang. over 60% of all equity transactions are settled through iCL systems.

To achieve all this, we have not only helped many of the newly formed financial groups make sense of their different types of systems, but also supplied many new arrivals with our products and services.

Furthermore, we are currently bringing to the market special compliance systems designed to provide the internal safeguards required in the new trading environment.

in short, not only do we have a

team of experts with a rather special understanding of the City's needs, but computer systems that have successfully lived up to the business challenges of our many clients in the City. Both before and after Big Bang.

And, putting our innate modesty to one side, we hope that's something you won't mind us banging on

We should be talking to each other

FOR MORE REPORTATION CONTACT INFOPONT ON FREEFORE ICL. ICL. IS A MEMBER OF THE STO PLC GROUP

about.

How Israel promotes the venturing spirit

Andrew Whitley reports on Orgenics' big company link

THE SMALL cluster of pre-fabricated huts huddled to-gether does not look promising. yet, located as they are in the forecourt of a big factory situated in a nondescript industrial park just off Israel's main north-south highway, they have provided an incubator for what may well prove to be one of the country's most interesting start-ups in recent years.

brainchild of Professor Max Herzberg, a French-born former

Herzberg believed that the The hats house Orgenics, the lecturer in molecular biology. It is a venture that illustrates the pluses and minuses of entre-preneurship in a country that sets out to encourage a venture-

But equally it shows bow a high-tech start-up can be given a significant leg-up if it is taken under the wing of a large company which then provides not only premises, but also financial and administrative support, together with marketing expertise in bome and overseas markets and vital links with companies in the US and else-

Herzberg set up Orgenics, which makes veterinary and other medical diagnostic tools, four years ago when he was teaching at Tel Aviv University and when, as he wrily puts it: "One day something terrible heppened; I got a practical idea."

self-contained, instrument-free tool, firstly for veterinary use which would be accurate enough for the requirements of modern medicine, yet simple enough to be used by relatively untrained vets in the field. Subsequent development would lead to a version for general

medical use. Having bright ideas in Israel is not a problem — indeed, the country bas e glut of them. On the plus side, also, the Israeli government tries to be supportive of new business yentures, especially in any aspect of high-tech industry. Recent setbecks in the sector notwith-stending, this remeins the state's favoured direction for the economy.

Herzberg says another help-ful aspect of the Israeli busiful aspect of the Israeli busi- effect. Organics was to ness climate is availability of Ormat's R and D arm. a highly motivated workforce; "you can do much more with

But then there is the minus side — not least jumping the burdle between the academic world and that of business in a field littered with previous failnres. Then the budding new entrepreneur in Israel faces a formidable array of other obstacles. There is a lot of bureaucratic red tape. And bank interest rates are very high. "You can't pay your bills with moral support," complains

potential for his ideas was twofold; there was a market in the undeveloped countries which could not afford large, beavily equipped laboratories which had become the norm in the West. And, at the same time, be thought be bad spotted a new trend in advanced countries. tries which were moving away from large laboratories back to small, local clinics and bedside

His company would take some existing technologies on which the "R" had been done but the "D" awaited further work. How and where the products would be sold initially not totally clear.

Brain-storming

Herzberg's opportunity to make the leep from academe came in late 1982 when by chance he met Yehuda Bronicky, founder and president of Ormet Turbines, et a brain-storming session aimed at finding ways to improve ties between industry and the scientific community. Chairing that meeting was one of Israel's most unusual businessmen— Stef Wertheimer, a visionary who has proclaimed the hightech era as the coming "third phase of Zionism," or nationbuilding, following agriculture and defence.
The Ormet Turbines presi-

dent, who says be had been waiting for the right invention to come along, was so taken by Herzberg and his ideas that be offered to put up much of the initial capital required and house the new venture on his own company premises Yavne, south of Tel Aviv.

of dna genetics in which Herzberg is immersed, Bronicky is convinced that his altruism will, in the long run, have practical benefits for his own company as well. As opposed to the quick returns available in fields such as electronics, Organics and Ormat are both long-haul enterprises, he argues, and the two companies ectivities could eventually converge. Within a few months of

The state of the s

Bronicky making his offer, Organics and its staff (now 25strong) were installed in the wooden hats it still occupies. with Ormat paying Orgenics' bills and providing all the infrastructure services it needed.
"From the start it was e
perfect match," says Herzberg. Orgenics was free to develop its own technology without worrying about practical matters ranging from secretarial ser-

Bronicky comments: wanted to save them the waste of time (and resources) which setting up support departments involves for any

The bill bas not come cheap.

Ormat is a healthy and profitable company with annual sales of US\$25m, over three-quarters of which are exports. But nurthring the fiedgling Organics through the early years of operational activity has taken a big chunk out of the turbine compay's annual profits.

Nonetheless, the size of the financial drain has been eased by Herzberg's decision to launch as soon as possible a number of "quickie" products designed not only to generate cash to fund continuing research but also to provide Herberg with experience of the real business world. Because Israel is too world. Because larget is the small to test market sophisticated new products and produce an adequate cash flow, it was necessary to look abroad to western industrialised countries and Japan.

selves how to market, and so had to develop a product straightsway," says Herzberg. The product was a viral diagnostic card based on recombinant das technology and it

"I wanted us to teach our-



Research at Organics: the Israeli governmen high-tech lodustry

SOS-Chromotest, Organics' first partners test kit was not exactly an

Another early trial effort was the Toxi-Chromotest, which can detect minute quantities of toxicants through a stain reaction. But, according to Jonathan Taylor, Orgenics' young English marketing manager, there was no money in this particular venture. However, there are hopes that a test for AIDS launched recently will prove a money-spinner. detect minute quantities of will prove a money-spinner.

The first real success cama last year with e poultry vec-cination test called Immuno-comb Or. This is a patented, colour coded plastic card. Organics says its special feature is that the card's built-in "controls" can check more than one determinant at the same time.

This was researched, developed and brought to the market in only 18 months by a team of 10 technicians and was responsible for a large part of Orgenics' 1985 sales of \$1m. Launched in the US early this year, the vaccination test has been cleared for commercial use by the US Department of Agriculture, and sales are now said by the company to be running at about 500 units a month. The rapid diagnosis market is seen by the company as one of the most promising for the coming year.

But while Organics had been beavering eway at its research and development work, what it really needs—as a small com-Although no obvious connection was developed while working and development work, what it we can tion exists between heavy duty together with the Pasteur really needs—as a small comturbines and the rarefied world Institute in France. Marketed pany—to turn the juicy pros-

in Continental Europe as the pects into reality are foreign

markets. Herzberg makes no bones about the importance to an Israeli company, in particular, of foreign partners. In part it is because of the political prob-Israelis shroed but equally important is the management's are to maintain control of the company's direction while WOLKS.

In pursuit of this aim, distribution agreement for the dna chemi-probe was signed earlier this year with Takara-Suzo of Japan, a Kyoto-based company with over 60 per cent of the Japanese market in enzymes and other molecular biology products. In France, e joint venture to market products in Western Europe and provide a licensing entity for food industry tests is also under consideration.

Herzberg, who is still tech nically on leave from Tel Aviv University, is at last confident enough to look four years ahead to the end of the decade. By the end of this year, the company hopes to be balancing its expenditure and revenues and be able to report its first profit in 1987. Sales are forecast to double annually over the coming years, with a goal of \$15m set for 1989.

"We've passed our start-up phase," Organics' president says. 'And if we play our cards right we can become a major supplier of field and diagnostic proUK venture capital

An international outlook

UK-BASED venture capital organisations are becoming more international in their outlook. Not only are they looking for more overseas investments, but they are also beginning to establish bases overseas or partnerships with foreign venture capitalists.

while the early days of the UK venture capital industry's development saw funds establishing overseas contacts predominantly in the US, times have now changed. This is the message of an article in the latest issue of the UK venture Control. Capital Journal.

"The collepse of the new issue market for young technology companies, combined with an increasingly unfevourdollar/pound exchange rate, have resulted in a sharp downturn in US venture capital investment activity out of the

and expertise, only a small number of them have actually made any investments there. In the past two years several venture capital reletionships have been established between the UK and Japan.

The most ective independent private venture capital organicof Associates, Alta Berkeley Associates, Thompson Clive and Partners, Baring Brothers Hambrecht and Quist, and Top Tech-nology, which manages the Hambros Advanced Technology Trust. A majority of their 116 total of investments has been in the US, but BBHQ has made

Attention of UK venture 10 investments in Continental capitalists has shifted towards Europe, Alta Berkeley, eight, Continental Europe, but as it Advent, four, and Cygnus Ventakes time to establish contacts ture Partners, managers of and expertise, only a small Victa Ventures, four.

The most ective venture capitalist has been 3i which either directly or indirectly has e total of some 36 investments in Continental Europe and, internetionally (outside the UK)

around 130. Meanwhile, the US Venture private venture capital organisations (that is, those not publicly listed or owned by a banking organisation) making direct overseas investments have been Advent, Alan Patricof Associetes, Alta Berkeley partnerships, says the journal, have proved to be an "excelhave proved to be an "excel-lent selling point" during money raising. Such links also help the flow of investment opportunities and the venture capitalists find the consultants to be of help in analysing in vestment opportunities.

In brief ...

AN INCREASE in all areas of its outsitess development activity has been reported by the Welsh Development Agency during 1986. Its Small Firms Centre, now administered by the agency in association with the Department of Employment, responded to some 17,000 inquiries. More than 900 people were given business training and preparation courses, professional advice was offered to 7,000 companies and 10,000 individuals and companies received ss counselling.

In its efforts to raise awareness among young people about business, the agency responded to invita-tions from 120 secondary schools and colleges to intro-duce enterprise into the curriculum of about 4,000 pupils and students through a structured programme.

For those up in the age of 25 who put business ideas into 25 who put oursiness ideas into practice the WDA and the Mid-Wales Development Board jointly launched an Early Start Bosiness Award Scheme, making awards totalling £15,000 available to the most promising new

A FINANCING scheme for smaller exporters has been developed by Extineo, a specialist export finance company

which has the backing of the Electra Investment Trust, the Legal and General Assurance Society and two international financial groups, the Arab Banking Corporation and First Pacific Holdings.

Erfineo already has schemes which cater for the large exporters. Now it is aiming at those companies whose total exports are less than £0.5m a year.

The service provides both export finance and foreign exchange support. The company sees its scheme as providing smaller companies with the ability to attract a higher level of orders by involving level of orders by invicing in the overseas buyers' currencies, but without risk and without the administrative effort or cost involved in using conventional forward

Additionally, maintains Exfinco, it provides accelerated, pre-planned cash flow since it ensures 100 per cent payment on shipment of the ECGD (Export Credit Gnarantee Department) insured value of sales.

Where sales are not on open account a documentary collection service is pro-

The cost of what is called the Finforex package is a margin over the average of clearing bank base rates of L5. per cent a year, together with a monthly commission of £200, and tariff charges for

With the package, Exfines pays cash for goods within 24 hours of receiving simple evidence of shipment (copy invoices or certified com-puter schedules) for 160 per cent of the credit insured value. The remainder is paid on the average date of pay-ment by the individual exporter's customers.

A SHARP attack on the black economy has been made by the National Federation of Self Employed and Small Businesses. Preven-tive action must be taken to stop it growing, the federation believes.

The black economy, says Brian Prime, the federation's national chairman, "under-mines the honest entre-preneurial initiative ta creating a lasting small business that will produce new jobs."

He also argues that the self-employed are not the perpetrators of the black economy—"they are the vic-tims of it." The federation's legal protection scheme for members had shown that when adequete cover is provided to counter unwarranted Inland Revenue investigatiens, the honest trade won. We have saved members over £2.5m, where investigations were made for more hidden tax, end it was proved beyond doubt that no tax had been evaded."

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Project profiles for one hundred and thirty five projects have been prepared under the auspices of UNIDO for consideration in the Forum. Foreign participation is welcome in the projects in the form of equity participation, supplier's credit, technical & marketing collaboration in that order of preference. marketing conadoration in that order or preference.
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TECHNOLOGY

A broader base to product exposure

EASTMAN KODAK, of the US, faces two challenges. One is the global marketing of consumer film by the Japanese which has caused write-offs and job losses. The other, a sea-change in technology, is the threat to film of electronic image storage and display.

Japanese companies Canon, Fuji, Koniez, Matsushita Nikon and Sony have all demonstrated still video cameras which can produce 10 x 8 inch colour prints that most consumer users would find acceptable. The cameras use a thumbusil-sized CCD (charge coupled device) that records the image and reads it out line

by line, in a fraction of a accord, into a tiny, on-board magnetic disc. Back at base, the disc is played into a TV set to see each still image, er a colour print can be made. Currently, these cameras can cost \$3,000 and printers twice as much. But with volume production, these figures are bound to reduce.

In June, Kodak revealed a similar camera called Mega-plus, aimed at taking this technology into production-line applications for manufacturing industry. The Mega-plus has a definition four times better than any com-petitive device, Kodak claims. No price is yet known.

Faced with a twin-pronged attack on its traditional market. Kodak has diversified into the husiness systems area, and recently acquired Verbatim of California which makes optical discs, a new competitor with film in the mass image storage market. Kodak has also recently pur-chased Atex (electronic pulslishing systema), Diconix (ink-jet printers), and Elkonix (digital cameras).

Kodak already liaises closely with Digital Equipment Corporation (DEC) for its computer needs and a few days ago announced a joint agreement with Philips (Hol-land) and DuPont Optical



Company (US) to co-operate in 14 inch optical disc standards. More such liaisons will follow, says Kodak.
So although Mr J. W.
Prezzano, Kodak'e general
manager for photographic

products believes film "will remain the dominant image medium for a very long time," the corporation is clearly

Kodak's quick answer to inquiries

Geoffrey Charlish, recently in Washington,

explains how the US film manufacturer's image

KODAK'S FIRST major thrust into the world beyond film is document management system which is an amalgam of microfilm storage and electronic image processing.

KIMS (Kodak Image Management System), converts photo-graphic images of documents held on 16 mm film into electronic digit streams so that they can be seen on any num-ber of electronic terminals along with other, computer derived data. Alternatively, the lmages may be sent to remote places, or may be printed out.

The first system is in action at Computer Sciences Corpora-tion (CSC) near Washington to manage the US National Flood manage the US National Flood Insurance Program (NFIP). Before the system went into the CSC office in Lanham, Maryland, there was what pro-ject director Bob Scheiser describes as "serious paper-

NFIP, which manages \$100bn of flood insurance, has to cope with about 20,000 letters and 80,000 phone calls a month from policy bolders with questions. So even two or three minutes saved on an enquiry produces substantial reductions in the use of manpower.

Previous figures bordered on the absurd. For example, although it might take only 15 minutes or so to deal with the substance of an enquiry, it could take hours or even days to find the file. Today, the stacks of files (which could have formed a pile six times the beight of the Empire State Building) have gone, Also gone are the clerks who handled

CSC, a computer services supplier, provides full service as a property insurer, with policy and claims administra-tion support. The US Government sets rates and assumes the underwriting risk. Kodak's new system is aimed

ot organisations with large numbers of original documents like cheques, insurance applications or drawings that have to be looked at from time to time, perhaps in response to an enquirer's telephone call or letter. The documents are micro-

filmed as soon as they are generated and are automatically indexed by machine-readable codes on the film. At the sama time, prime information about them is manually keyed into a mainframe computer data base. The 16mm film is stored in

four-inch-diameter cassettes in an autoloader, basically a matrix of "pidgeon holes" from which any cassetta can be extracted by a roots mechanism. Then, a frame can be found.

management system solved serious paperwork problems at National Flood Insurance

scanned electronically, and being it is understood that they ehown on a screen.

The average total access time is 45 seconds. Basic data and accumulated notes about the document, called up from the mainframe computer, can be seen at the same time on a split screen. After solving the query, any new data on the case can be keyed back into the mainframe. The essence of KIMS is fast

lmage transmission. The image digit stream can be sent to everal terminals, over lines to remote locations, put on to optical disc, or printed out. To link the equipments, Kodak bas developed its own communications network (see diagram). With microfilmers working at 1,200 documents an hour per operator, it took several months to film 6m of the 15m existing documents. The other 9m items

are relatively inactive and are now in cheap warehouse space elsewhere. Over 7,000 sq ft of city centre floor space have been saved.
The NFIP installation is one of four in the US that Kodak has up and running, Although it will not reveal the other

are in government and insur-ance areas. Though Paul Artlip, the KIMS program manager, acknowledges that Kodak is still seen as a camera company, it has in fact been quietly changing in the past two or three years, with a strongly growing emphasis on software in the new Commercial and Information Systems Group.

"We used to employ chamists" says Kodak's John Lacey, general manager of Business Imaging Systems Division and a vice president of Kodak Corporation. Now, It is electronic engineers and soft-

The corporation has been assembling the expertise to design and make the necessary components for systems like KIMS, by acquisition of suitable companies and hy cooperation with others.

But it has also been develop-ing its in-bouse skills, notably in software, where there are now 160 writers on KIMS alone. Significant among the ocquisi-tions has been Verbatim, which

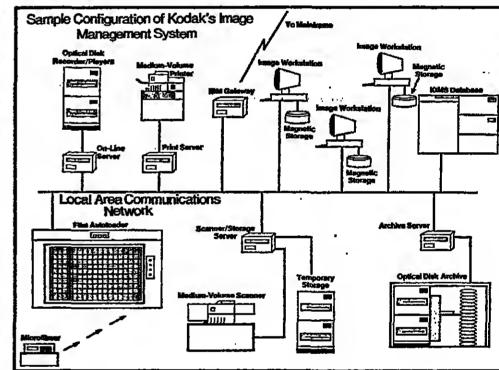
the equivalent of 100 four-drawer filing cabinets of paper. The system is available with KIMS and is likely to be used where a legally acceptable true facsimile of documents is not essential.

The documents would be scanned as before, but the resulting digit stream would be recorded as microscopic pits by a tiny laser beam in the same basic way as gramophone records. A similar beam reads the pits as needed to reproduce images on the screen. Kodak foresees applications in fingerprint recording, the storage of computer-aided design images and map recording, among others.

The company also revealed in Rochester recently that it has developed a 3.5 inch disc that combines thermal, magnetic and optical technology to give an erasable medium able to hold as much data as 138 floppy magnetic discs. Evaluation units will be available next year, with production in 1988.

Kodak, for obvious reasons has a commitment to film. It helieves "many years" will pass before images can be as cheaply and accurately recorded on anything else, although, says

John Lacey, "we will not be putting our heads in the sand." Only 4 per cent of documents in the US are on microfilm so Kodak sees a hig, but unpredict able market. Present KIMS systems cost between \$0.5m and it will not reveal the other offers a 14 inch non-erasable \$1.0m, but systems for smaller three customers for the time optical disc system able to hold companies are expected soon.



Why telecoms should tune in to business

ELECTRONIC MAIL terminals are moving onto executives' desks at a steady clip. But how many managers really want this capability? How many find it helps them conduct their business?

The shortcomings of electronic mail include no easy way to assign priorities, said Alan Willisher, group director of tele-communications marketing communications marketing support for IBM Europe, in London recently. Among, say 20 different messages arriving in a manager's machine overnight, he said, there is "no way to the said there is "no way to the said the said there is "no way to the said the s sort it the way you quickly can sort through written mail" to "where it's from, perhaps important it is to read

IBM believes that resolving limitations—in other servicing customers ecific needs—is paramount to ture success in the techtriven businesses emerging from the union of computers and telecommunications, according to Willsher, who spoke at a recent telecommunications conference sponsored by The Financial Times.

He noted that in this example, "We need a way to label the electronic information, by purpose, priority, per-haps content and an abstract " in ways that could give users value beyond what they would get from handling written mail. The contention that success in the changing telecommunica-

a popular one at the confer-

Jane Rippeteau reports on calls for more emphasis to be placed on making electronic services easier for customers to use

vice-president of Nynex Corporation, the regional Bell telephone operating company for the New York and New England area. "They are excited about this hrave new world of choices, an unlimited assortment of products and services. But what most people are looking for is integrated solutions."

IBM and Nynex, of course, come at the market from different origins—computing and telephone network operation. But these businesses are merging as increasing amounts of computing power are brought to bear on the management and operation of telephone net-

Computerised telephone switching, for instance, makes possible not only more efficient transmission of voice and data, hut also permits new services, such as simultaneous transmission of voice, data, text and limited video on existing tele-phone lines. And because transmission can be done in the digital hit language of the com-puter, it can be manipulated to provide so-called value-added tions business hinges on an services, such as electronic service end of the market, ebility to shift from a tech-mail, advanced call features, or "It's an interesting alter nology-driven to customer-specialised information net-tive, but that would really driven marketing approach was works.

Robert J. Eckenrode, executive manage bandwidth, to manage the bit stream." Over the last five years, he said, the business has evolved from one of "selling boxes, stand-alone, discreet services and products" to one in which "the primary differentation is in the higher value-added areas of sales and service." He includes in that not only new services, but customer-related performance such as response time when equipment needs repair and logistics for replac-ing computer line cards that

alter equipment functions. McInerney warned that some companies are ignoring this shift, and cited Siemens of West Germany as an exampla of a company with "great technology and great manufacturing" hut an inadequata strategy for moving into the high-margin area of selling and servicing complete, or "turn-key," voice, data and value-added networks.

Not surprisingly, some executives, particularly those in regu-loted environments, privately loted environments, privately gave np an important to which equipment suppliers can sensibly migrate toward the software upgrades, servicing

"It's an interesting alternative, but that would really he driven marketing approach was works.

a popular one at the conference.

As a result, noted Francis company, noted John Meurlence.

McInerney, vice president of ing, vice-president, husiness deNorthern Business Information, velopment at Sweden's LM we're getting from customers is a US market research group, Ericsson, one of the world's top more like a cry for help," said the business today is "to suppliers of telephone switches suppliers of telephone switches

and other telecommunications equipment. He added, bowever, that "as the PTTs (telephone operating companies) change and get into unregulated businesses, we have to change with them, and be more alert to what the customar requires in a competitive situation."

At Siemens, West Germany's

telecommunications equipment supplier, senior director Herbert von Deimling defended what he called his company's concentration on "future tech-nologies and software features." Slemens recently lost o chance to enter a sizeable share of the US public switching market through o joint venture with GTE which, with 16 captive

telephone operating companies, has about 11 per cent of the husiness, according to Northern Business eatimates. With an 80 per cent bolding in a joint venture company. Siemena venture company. Siemena settled for a deal involving only GTE's switching business outside the US, and transmission worldwide. The two companies could not agree on which of their flagship central office switches to supply. Such machines are extremely expensive to develop and npgrade. McInerney cited this as e dangerous example of a company (Siemens) heing so wedded to a technology that it

and additional hardware. "There's nothing to be gained by jumping up and down and saying 'My switch is better than your switch,' he said, advising that success hinges on supply-

ing the systems and service that will "capture the bandwidth

Higher incomes fuel Christmas spending spree

THE SURGE in British co pending accelerated sharply in Noember as the Christmas shopping bason got under way. Retail sales reached a record vol-

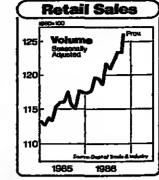
one, up 2.35 per cent on the previous month, according to provisional, seasonally adjusted figures released yesterday by the Department of Trade and Industry. October sales had held unchanged on ember's record level

DTI officials said sales were buoyant across the board. They not-ed that spending had been growing strongly for some months but attributed some of November's sharp rise to the normal pre Christmas shopping spree. Sales volume jumped between October and No-wember last year as well.

The boom is being fuelled by a sharp increase in the real dispos-able incomes of those in work, coupled with the general availability of credit. Most City of London econo-mists expect that the Chancellor of bequer will find scope for tax cuts next year, which would give further impetus to demand strength of consumer spending could stoke inflation and that, until

manufacturing industry responds more effectively to domestic de-

tinue to buy more imports, contrib-uting to a further deterioration in



said in his Autumn Statement that he expected both earnings and con-1987 than in 1986. Real disposable income had probably grown by some 4 per cent this year, and there had been a rise of almost 5 per cent in real consumer spending, he said. best guide to the underlying trend, ve further impetus to demand. sales volume was 2 per cent up on There is concern that the previous three months and 7

period last year. The provisional madjusted value of sales was 10 per cent higher than mand, British consumers will con- in November 1985. The DTI said its index of retail sales volume (1980 - 100) was set

at a provisional 126.1

Rover plans £100m shopping complex at site of truck plant

a planning application to create a c100m shopping and leisure centre out of the defunct Leyland vehicle plant at Bathgate, in West Lothian,

The complex, which would use the entire Im sq ft factory, would be by far the biggest out-of-town shoping and leisure centre in Scotland. It would contain two major department stores, a variety of other shops, a multi-screen cinema, a swinwing pool and an ice sink. swimming pool and an ice rink.

Located close to the M8 motor-

THE Rover Group yesterday lodged where male unemployment stands evitable that Scotland's central bett would sooner or later acquire a large out-of-town shopping and leiat 25.8 per cent.

workers at the Bathgate plant re-dundant in July, is making its plan-ning application without having a sure centre.

He said that the group had considered proposals for using the Bathgate site for some form of manbeen requests for "parcels of space in the plant" - but nothing had been suggested that was of any practical scale in the recovery of employ-ment levels and our responsible use of the second would not be funding the project.

Mr Graham Day, Rover's chair-

way almost equidistant between man, said in Glasgow yesterday
Edinburgh and Glasgow, it would be within an hour's drive of 3m people. It would create 2,400 full-time and 1,500 part-time jobs in an area

It stands buy to stand be yesterday with their contacts with potential developers and retail tenants but no one had made a firm and 1,500 part-time jobs in an area

It stands buy to stand buy esterday solutely nothing or take an initiative. If people would prefer that we do nothing with the site, I'd be grateful to be so advised."

Peat Marwick reports growth

This means that, when the firm brand is third in the global tables.

merges with KMG Thomson In the UK, Peat Merwick's total McLintock in the new year, the combined firm will start with a fee

rem global leaner. Coopers & Ly-brand is third in the global tables. In the UK, Peat Merwick's total staff grew by 9.6 per cent to 5,150.

in accountancy income in dollar

PEAT MARWICK MITCHELL, terms to \$1.45bn. PMI is also sec-Britain's second-largest firm of ond-largest in the global rankings, chartered accountants, has report-ed record growth in fee income of EMG will allow it to leapfrog well allow it to leapfrog PEAT MARWICK MITCHELL, terms to \$1.45bn. PMI is also sec-

Mr Jim Butler, the UK firm's se-In the UK, Peat Marwick's total McLintock in the new year, the combined firm will start with a fee income base of around £300m, making it by far the UK'a largest. At present Coopers & Lybrand is narrowly the largest UK firm.

A parallel announcement by the largest with the largest of the largest largest of the largest larges

specialists.
The global firm's chargeable A parallel announcement by the global firm Peat Marwick International disclosed a 15.7 per cent rise annual by 7.7 per cent to more than 32.100.

Eric Short looks at implications of the Courage-Elders case Pension ruling landmark

al holding company, has been thwarted in its plans to strip out the surplus assets from the Courage pension schemes on the sale of the Courage group of companies to El-ders IXI, the Australian conglom-

This reaction follows last week's High Court judgment in London by Mr Justice Millett on the Courage

however, are far more for tal. They relate not only to the problems of pension scheme surpluses but also to the structure of pension

Mr John Quarrell, a pensions lawyer from Narbarro Nathanson, which acted for Hanson Trust, said at a pension conference last week: "It is without doubt the most important case that there has been on pension trusts, their construction

Company pension schemes in the UK are invariably set up under a trust with the trust deed and rules in control of the scheme.

Conditions under which pension chemes operate will change with time. Pressure on pension schemes has accelerated, and companies and trustees need to have powers to amend the trust deed to take account of changing environments.

pension schemes are the high sur-pluses built up within them and the problem of reducing those sur-pluses and the fears that a predator

There have been continuing argu-ments over the ownership of the By using this me surplus. Trade unions have always claimed that pensions are deferred

Asset stripping fears by a predator have resulted in companies using their amendment powers to change the trust deed to protect the rights of members and to make con-ditions difficult for a future employer to take out any surplus – the so-

Imperial Group, on receipt of an unwanted bid from Hanson Trust in connection with the Courage pen-sion funds, first gave both itself and day to use up the surplus - a holi-day that will last at least 10 years. This move enabled Imperial to boost its profits forecast in its un-successful attempt to fight off Han-

Secondly, it closed the funds to new entrants, guaranteed pension increases of at least 5 per cent a year, or the Retail Price Index (RPI) if less, and took other mea-

The upshot of these moves was that Hanson, in selling Courage to Elders, had to resort to un practices to use the surpluses in the Courage pension schemes.

It proposed to split the scheme in two parts - the existing employees, who would be passed on to Elders, The two biggest pressures on and the pensioners, deferred pensioners and a few remaining employees, who would be retained by Hanson.

company would strip out the sur-plus on a successful takeover. son would retain all but £10m of the £30m surplus in the schemes. The

By using this method, Hanson could have obtained the benefit of claimed that pensions are deferred pay and that the assets in a pension fund are for use of the pensioners and members.

Recolutions were accounted to the companion of the pensioners are the surplus either by a direct refund of assets, paying the tax charge or, indirectly, by reopening its retained scheme to some of its Resolutions were passed at this other employees, thereby continu-year's Trades Union Congress to ing the contribution holiday.

this effect and that surplus should be used to improve benefits before going back to the employer in the form of contribution holidays or dicompanies it acquires. So presu-mably it intended to adopt an indirect approach. It also en

would he met. ever, from the Courage employe mainly the Transport and General Workers Union. The employees wanted their contribution holiday to continue, pensioners wanted to ensure pension increases would be

made if the RPT went above 5 per were suspicious of Hanson's moves, particularly as the splitting of funds is widely used as an asset-stripping device in the US.

However, to achieve its aim, Han-However, to achieve its aim, Hanson had to change the name of the scheme from Imperial Brewing and Leisure to its own, and when direction was sought in the High Court by the management committees this move was rejected.

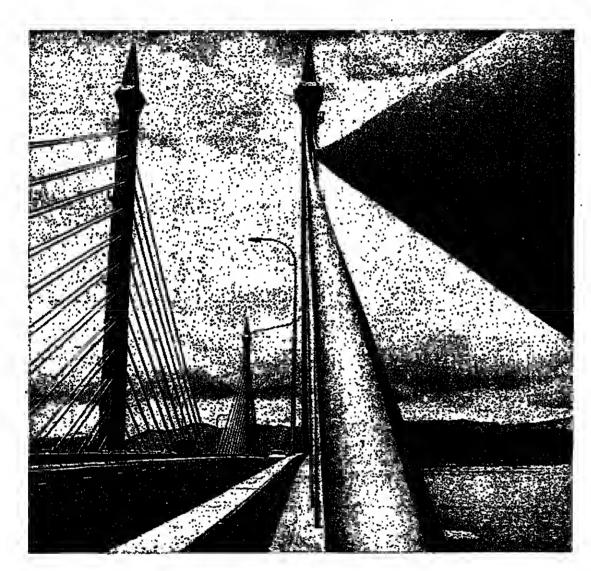
Mr Justice Millett confirmed that the surplus belonged to the employer, itself a revolutionary pronouncement, and that employees had no

ment, and that employees had no right to a contribution holiday - the question of rights to pension ines appears to have been over

The judgment has highlighted the importance of properly drafted trust deeds with particular attention being given to the powers of amendment. Pension lawyers feel that the majority of trust deeds are badly drafted. It has also settled the stion as to the ownership of pension scheme surplus

But it will give added power to those arguing for a pension scheme to be set up under a properly draft-ed Pension Act, which would define the rights of employees and pen-sioners, rather than under Trust

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at the end of last month, there was The CBI said yesterday that it some criticism that the views of was keen to hear the views of

HANSON TRUST, the acquisitive UK conglomerate, has agreed to join the taskforce set up by the Confederation of British Industry (CBI) to review relations between industry and the City of London.

The taskforce, which will operate initially for one year, was prompted by the hostility expressed by some industrialists towards the City at

the last CBI conference; · · However, when the terms of reference and the initial membership

Hanson joins City taskforce

takeover specialist which is highly regarded in the City, should help

several of the companies repre- acquisitive companies as well as sented - such as Allied-Lyons, Ples- those which choose to grow by othsey and TI Group - would be infla-enced by the fact that they had re-tion stressed that it had from the cently been the subject of hostile start planned to invite Hanson bids or bid speculation.

Trust and its inclusion was not the The inclusion of Hanson Trust, a result of pressure from any quarter.

provide a wider cross-section of be Mr Martin Taylor, an executive opinion from the industry side of director of the company since 1976. who aiready sits on the CBI Council

Prudential Realty Securities III, Inc.

NOTICE OF INTEREST RATE To the Halders of

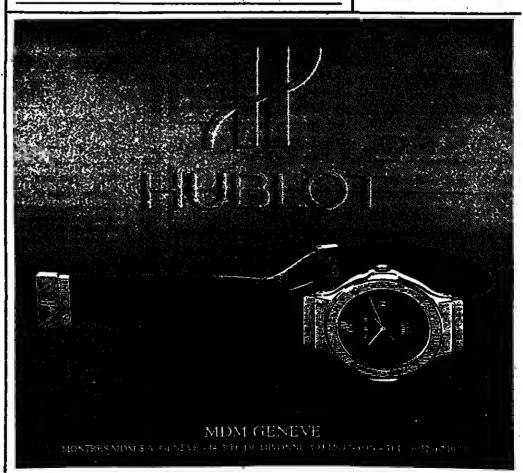
International Bank for Reconstruction and Development Undeted U.S. Dollar Floating Rate Note

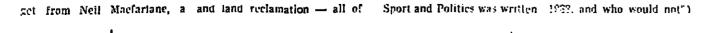
the period from December 15, 1986 to March 15, 1987 in the amount of \$152.17 in respect of each \$10,000 principal amount of Notes and \$3,804.35 in re-

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UK NEWS

mrage-Elders Ca ndman **Editor of** Hanson has continuely a chart it does not voluntarly a cassets from the pendos secondaries is acquired in the continuely it intended to see a capproach, it also see that members promised to would be met. There was a struggling **Today** resigns

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The employees and per were suspicious of Hangoi particularly as the spiring it widely used as an asset device in the US.

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However, to achieve in any sorn had to change the same scriber from insperial heart Leisure to its own, and what it is was sought in the light to was sought in the light to was rejected this more was rejected the surplus belonged to the er, itself a revolutionary natural tright to a contribution heart, and that employed the reject to a contribution heart creases appears to have been looked.

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sion scheme surpluses

MR Brian MacArthur, has resigned as editor of Today, the colour tab-loid daily launched by Mr Eddie Shah, Raymond Snoddy writes. Mr MacArthur, the founding editor, plans to rejoin the Sunday Times as executive editor, prob-

lahly in January. Since the spring launch of Today not only the ownership but most of the top management has changed. Mr Shah is no longer in day-to-day control, Mr Terry Cassidy, the managing director, leaves at the end of this month to run Lourbo regional newspapers interests and Mr Mac-Arthur will leave soon after. It is believed that a new editor of Today, has yet to be chosen.

Circulation of Today rose to 370,000 following the recent introduction of its new game, Scoop, but has slipped back. The paper now claims a circulation of 337,000, a long way from financial viability.

D BABCOCK POWER, the boiler manufacturer based in Renfrew central Scotland, said it was cutting its labour force by about a querter. It laid most of the blame on delays the importance of properly the importance of properly trust deeds with particle trust deeds with particle to being given to the pass amendment. Pension large; that the majority of trusted badly drafted. It has also references that the ownershot. in the Central Electricity Generating Board's power station ordering programme. Some \$20 people out of 2,570 are to be made redundant at Renfrew, and a further 95 out of 736 people are to go at Babcock Power's marketing and design centre in

G OIL PRODUCTION from the North Sea last month fell by nearly 200,000 barrels a day to 2.47m h/d, the lowest monthly average this year with the exception of June, according to figures published yester-day by stockbrokers James Capel. O THE BRITISH Indigenous Technology Group, which represents the ailing UK offshore oil supplies industry, is stepping up its efforts to get tax breaks for oil companies operating in the North Sea. THE NATIONAL Union of Tailors and Garment Workers has

called on the European Commission to halt the practice of making secret agreements with companies to restructure the industry. ☐ ABBEY NATIONAL Building Society staff who are assessed as "ef-

fective performers" will get a guarminimum pay rise of 4.1 per cent next year under the society's radical performance-related pay

Cost of water pollution 'may reach £200m3

THE USE of fertilisers on farms is causing an increase in water pollution which may require an expensive clean-up in the next 20 years, according to an authoritative report published by the Environment Department yesterday.

The study, produced by a group comprising representatives of the Government, farmers, water authorities and fertiliser manufactur-ers, concludes that total capital expenditure of £200m and annual current spending of £10m would be needed in 20 years' time to keep nitrate concentrations in all public water supplies within EEC-agreed limits. These call for concentrations to be kept below 50 mg of nitrogen oxide (NO3) per litre.

Even to keep nitrate concentrations below 80mg/litre, as currently permitted by the British Government, would require capital expendlture of £40m and running costs of Cim per year within 20 years, the report says.

It suggests consideration of a range of options to control nitrate pountion, including the control of nitrate co-ordination group; £6.30 fertiliser use in especially endang- from HMSO.

ered areas by the creation of protection zones

These might include parts of eastern and central England, which have seen the development of parti-cularly intensive arable farming methods over the last few years.

The report's findings are bound to cause serious concern to the farming and fertiliser industries, since they could lead to n reduction in fertiliser use and a resulting increase in production costs for farm-

They follow a critical study by the Paris-based Organisation for Economic Cooperation and Develop-ment (OECD), which said that wa-ter pollution from farms threatened to become a major environmental problem which might cause unac-ceptable health hazards.

Publication of the report will also spark off a vigorous debate between the various industries involved over who should pay for the possible clean-up. At present, almost all the costs resulting from nitrate pollu-tico are borne by water consumers, Nitrate in Water, n report by the

Companies pledge share of profits to community

BY FIONA THOMPSON

yesterday agreed to pledge % per cent of their annual pre-tax profits to community causes in the areas in which they operate.

The companies are all founder nembers of The Per Cent Chuh, launched last night by the Prince of Wales at a reception hosted by the Prime Minister at 10 Downing

The joiot chairmen of the club, Sir Hector Laing, chairman of Unit-ed Biscuits, and Mr Mark Wein-Assurance, set the top 200 UK companies as their target.

More than half have been apjoin. The companies can choose to what we want."

A TOTAL of 67 leading companies contribute either the % per cent of pre-tax profits or 1 per cent of gross dividends (pro rated to UK profits). The top 200 companies give a to-tal of about £35m a year to charity.

This would rise to £150m if they cootributed % per cent of pre-tax profits. The club's ultimate aim of 1 per cent would raise £300m. There is no central fund, and the

club will leave it to the companies to decide how to spend the ½ per We hope the majority of the top 200 companies will have joined by berg, chairman of Allied Dunbar the end of oext year, said Mr Wein-

berg. "Our aim is to create a momentum. If we get 80 or 90 companies, then it will be very difficult for proached so far, and of these more those who are not members to than 50 per cent have agreed to stand up. Quite honestly, that is

Tories try to calm row over **Awacs**

By Peter Riddeli and Lynton McLain

THE UK GOVERNMENT yesterday acted to rally Tory backbench opin-ion behind its expected announcement on Thursday that Britaio will buy Awaes aircraft from Boeing of the US rather than GEC's Nimrod

Several Tory MPs who signed a House of Commons motion backing Nirarod were yesterday summoned individually by Conservative Party whips (stewards) and warned of the dangers of rocking the boat in such a sensitive pre-election time. A whips' message was: "We're ahead in the opinion polls and have got Labour on thu run; don't ruin it."

Despite pleas from supporters of Nimrod for a delay and a new assessment, the Government seems determined to announce a decision

this week.
Ministers hope that while there is and to be a flerce row the issue will be forgotten by the time the Christmas recess is over. They want to avoid a repetition of the prolonged row a year ago over the fu-ture of Westland Helicopters.

Mr Peter Levene, Chief of Deience Procurement, told the allparty House of Commons public accounts committee yesterday that the Nimrod programme was "one of our worst experiences in the Minis-

problems within the Ministry of Defence as well as with the contractor," Mr Levene said. He said Nimrod had pointed to

three lessons for the Ministry: the danger of cost-plus contracts, where the contractor is paid a sum on top of its costs; the danger of the Ministry as the customer acting as a project manager, and the danger of not having one company as the prime contractor. In future where the Ministry saw a programme go-ing radically wrong "we should ing radically wrong consider cancellation".

or and Mr Cecil Parkinson. Mr Prior is chairman of GEC and

Mr Parkinson's constituency in-cludes GEC's Radlett factory which would be seriously affected by the rejection of Nimrod. David Buchan reports on the contest between Boeing and GEC

'Spies in the sky' do battle

BRITAIN'S need for a new airborne early warning (AEW) system is as unquestioned as the choice of what it should be - the British Nimrod or the American Awacs - is controver-

At present the Royal Air Force has six Shackletons, based at Lossiemouth io north-east Scotland, to act as its "spies in the sky" over a huge area extendiog beyond the UK to the North Sea and up the corth-east Atlantic to Iceland and across to the western approaches, which Nato counts on Britain to patrol. Their espionage capability is not impressive in the modern era nf fast, terrain-huggiog Soviet air-

The Shackleton looks like everyone's mental image of n Second World War bomber. It has been in service far longer than the 14 years the RAF has used it as an AEW aircraft, its ancient, US-built radar nftens fails m spot aircraft, let alone track them. It has little capacity to process data and none to transmit that data to the ground. Any replacement AEW system would be an improvement - the question is which would be best.

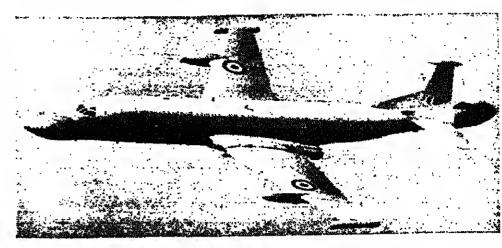
The final choice: GEC Nimrod or the Boeing Awacs are the two options that lie on the UK Cabinet table this week. In the competition which the Ministry of Defence has run since last March five other contenders were eliminated. Two US try of Defence."

The problems with Nimrod are but the Grumman Hawkeye had too due to a considerable extent to short a range, and the Lockheed P-3 was not sufficiently advanced.

> The MoD has picked Awacs as the clear winner in terms of cost-ef-fectiveness. The Government this week will endorse or reject this choice. These are the criteria on which the ministry reached its deci-

 Performance: The Awaes system apparently meets all the main criteria in target detection, tracking and signal processing over land and sea laid out in 1976 by the RAF in their classified Air Staff Requirement Conservative business managers (ASR) 400. By contrast, the Nimrod believe that the hard core of back- AEW evidently so still picks up benchers backing Nimrod may be only 20 to 30 despite the vocal pro-tests by ex-ministers Mr James Pri-too cluttered to be of much help to

However, GEC has argued that with the introduction this year of a new computer and of a "vehicle correlator" (which blocks out slow-



GEC Nimrod: £1bn has been spent on it already

moving targets such as road traffic) has been a crucial part of the evaluit can soon get its system up to the ASR 400 standard.

• Price: GEC has the advantage in current or future cost terms, because nearly £1hn has already been spent oo items which include 11 Nimrod AEW airframes built by British Aerospace. The UK compa-ny's confidential bid to install its radar and deliver 11 AEW systems to the RAF is reported to be a shade under £500m,

Boeing, hy contrast, would charge "several hundred million pounds" more to provide the UK with six or eight Awacs aircraft, say MoD offi-

But the price differential is less than the 2-to-1 ratio originally estimated, for two reasons. GEC has somewhat inflated its price to take account of the fact that the MoD has only been ready to agree to fund 50 per cent of current development costs of Nimrod, with the rest payable on delivery, because of the risk still inherent in the UK project.

Second, the unit price of an Awacs aircraft will come down by between 3 and 5 per cent if, as now looks likely. France joins Britain in joint procurement of the Boeing

Delivery: GEC claims it could deliver three workable Nimrods by the end of 1987 and the other eight within two years. Boeing would start deliveries in 1989.

 Risk assessment: Given the difficulties of comparing a proven sys-tem (the Awacs entered service with the US air force in 1977) with

one still under development, this

ation. The MoD has had to make a judgment about what the Awacs can do and what the Nimrod could

Its verdict is that it is worth paying more for the low risk Boeing. Boeing would still have to introduce fuelling probes into a British Awars systems to satisfy the RAF. But these are regarded as minor considerations when weighed against the uncertainties of continuing the

The Nimrod project, even at its inception in 1977, was always a camble. It was born of impatience with other European Nato countries for procrastinating for two years over their eventual joint purchase of 18 Awacs aircraft in 1978. The other key factor was the then Labour Government's desire to provide jobs in the British high-tech in-

The original estimate that I1 AEW Nimrods would be flying by 1982 at a cost of some £820m proved fanciful. This would have given GEC only five years to develop an AEW system comparable with that which has taken Boeing and Wesinghouse, maker of the Awacs radar, 15 years to develop.

dustry.

As it is, GEC, for all the faults levelled at its management, deserves some credit for having got so far in nine years. But impatience, understandable on the part of the MoD and the RAF so deceived in the original feasibility forecasts about Nimrod, now looks like putting an end to the GEC project.

For Boeing, the sale of six or eight Awars to Britain would be a tremendous coup, particularly if it is accompanied by the sale of three more to France. The US company will have established a virtual world monopoly in top-flight AEW systems, having already sold 34 Awacs to the US air force, 18 to Nato and five to Saudi Arabia.

Though there may not be too many more countries able to afford Awacs, Boeing would have the sa-tisfaction of knowing that it had made a sale in the one country (outside the Soviet Union) which had a rival home-made system.

The RAF will count itself the winning side if this week's Cabinet decision goes Awac's way. The service championed the US option before GEC won the Nimrod contract and since that contract was opened up to competition last March. Indeed latterly, GEC has seen itself fight ing the RAF as much as Boeing.

The obvious loser, if Nimrod is rejected, will be GEC, which will suffer a considerable blow to its pride although not necessarily to its pocketbook. It would lose the £25m of its own money it has put into Nimrod since March. But continuing an increasingly tightly scrutinised contract might not have brought much future profit, except perhaps in ex-port spin-offs. Ironically, some of the 1,500 GEC Avionics jobs that GEC claims will disappear if Nimrod is rejected might be saved through Awacs offset work from Boeing. In other fields, GEC Avionics is one of the better UK exporters to the US, including to Boeing.

Cheers

tothe

heat pump

Installation of a heat pump has brought double cheer to the new Three Bridges public house in the Meadows area

of Nottingham.

Not only this keeping the cellar cool, at a constant 10°C, but it also provides this Mansfield Brewery pub with hot water for

When planning the building, the archi-tects emphasised a return to hand-made

brickwork and other traditional features. To avoid compromising the shape and form of this design, it was decided to keep

most of the year.

HELPING BUSINESS MAKE MORE OF ITS ENERGY

BETA winners: top of the energy-savers



Simber Research Limited at Merthyr Tydfil was winner of category 1, with a timber frame, highly insulated two-stoney building Storage fan heaters, panel convectors with close tolerance thermostats plus limited air conditioning maintain prescribed conditions for clinical drug trials.



Luton International Airport's new terminal building offers air conditioned comfort with sophisticated heat recovery and other energy-saving plant. Two large thermal wheels, two heat redain chillers, high levels of insulation and solar control double glazing ensure low running costs. Winner of category 2.

The BETA Award Scheme for efficient use of energy in buildings has had a highly successful first year, attracting a total of

Introduced as part of Energy Efficiency Year, the award scheme offcred prizes worth up to £1,000 for the best demonstrated use of a cost-effective electric service or technique.

Entries came from a great variety of building types including churches, museums, beiting shops, pubs, schools, ambulance and fire stations, small coffee

shops and big supermarkers.

There were also some highly original entries, among them the Forth Bridge – for energy saving achieved with a dehumidifying wheel hared to prevent rusting in the main suspension cable anchorage chambers, and so saleguarding the bridge's life.

Jaguar Cars entered their new despatch offices, heated by heat pumps extracting warmth from pond water used

isting buildings in the public and private commercial sectors including shops, offices, education, health and leisure centres, hotels, museums and places of

effective electric service or technique had tick box 1.

to cool engine test beds.

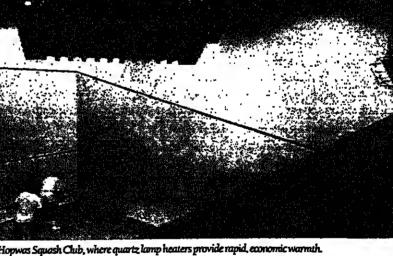
Awards were offered for new and ex-

worship. Judging was in two categories -huildings up to 1,000 sq. metres in floor area and those over that figure. To qualify, entrants had to be able to demonstrate that the adoption of a cost-

either reduced total energy costs or improved the environment or amenity of the building or both Judging involved assessment of such factors as improvements in environment, amenity and security, preservation of the building fabric, how well business or other activities functioned, extra business and revenue generated and savings on energy and main-

Two cash prizes of £500, together with trophies, were offered in each of the 14 Electricity Board areas. In addition, there were prizes of £1,000 cash and a special trophy for each of the two national

For a brochure on this year's Beta Awards,



Spotlight on quartz linear heating

quartz linear lamp elements is cutting the cost of space hearing in buildings with large

Quartz lamp heaters were first devel-oped in the UK about five years ago using components already well tried and tested in industrial process heating.

Because they operate at over 2000°C and emit energy at shorter wavelengths, the lamps function well over longer distances, with a fast directional response. This means instant warmth for staff without first having to heat the air.

Quantz linear lamps can be much

cheaper to run than a conventional central heating system relying on convection. For example, in churches the operating costs are typically half those of a central heating system. Capital costs, too, can be lower, while installation is quick and easy.

Quartzlinear lamps are ideal for buildings with larger spaces and low or intermittent occupancy. They are particularly well suited for buildings such as warehouses, churches, hangars and sport and leisure facilities.

They are available in a range of outputs, from single 112 kW elements which can be wall mounted, up to 6 kW suitable for horizontal mounting overhead. Typical of those to benefit is Hopwas

Squash Club near Tamworth, where a

A new type of radiant heater using warm air system had necessitated constructed in a siderable pre-heating to make courts stofspaceheating in buildings with large playable in cold weather. This restricted play mainly to evenings - as hearing could not be run all day. In severe weather condinons the courts were sometimes totally unusable, even when the heating was switched on some 2 or 3 hours before a game. Now they can be played at any time of the day, all year with satisfactory con-ditions always achieved within five minutes of the quartz lamps being

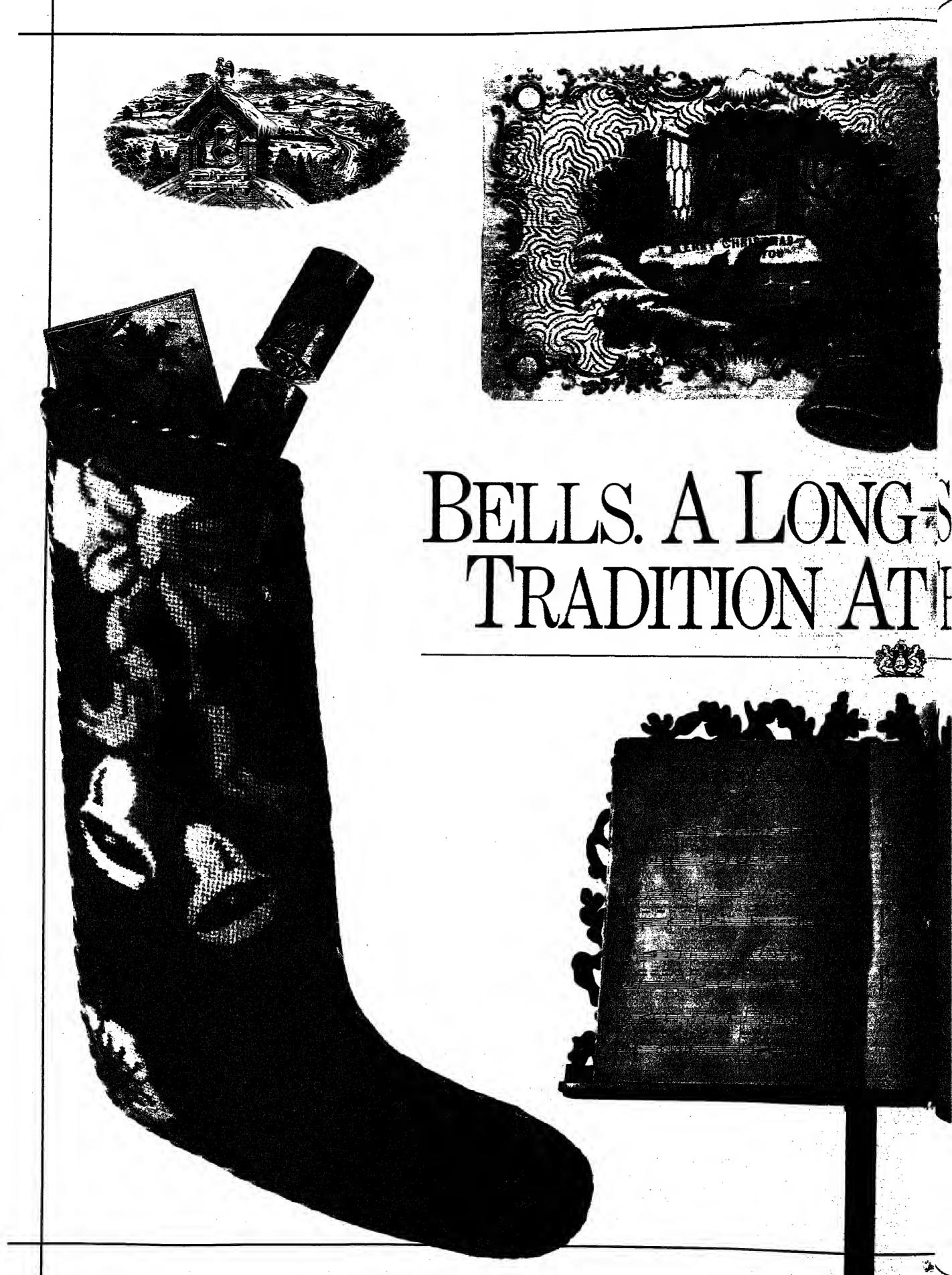
For more information tick box 2.

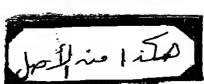
as much equipment as possible inside.

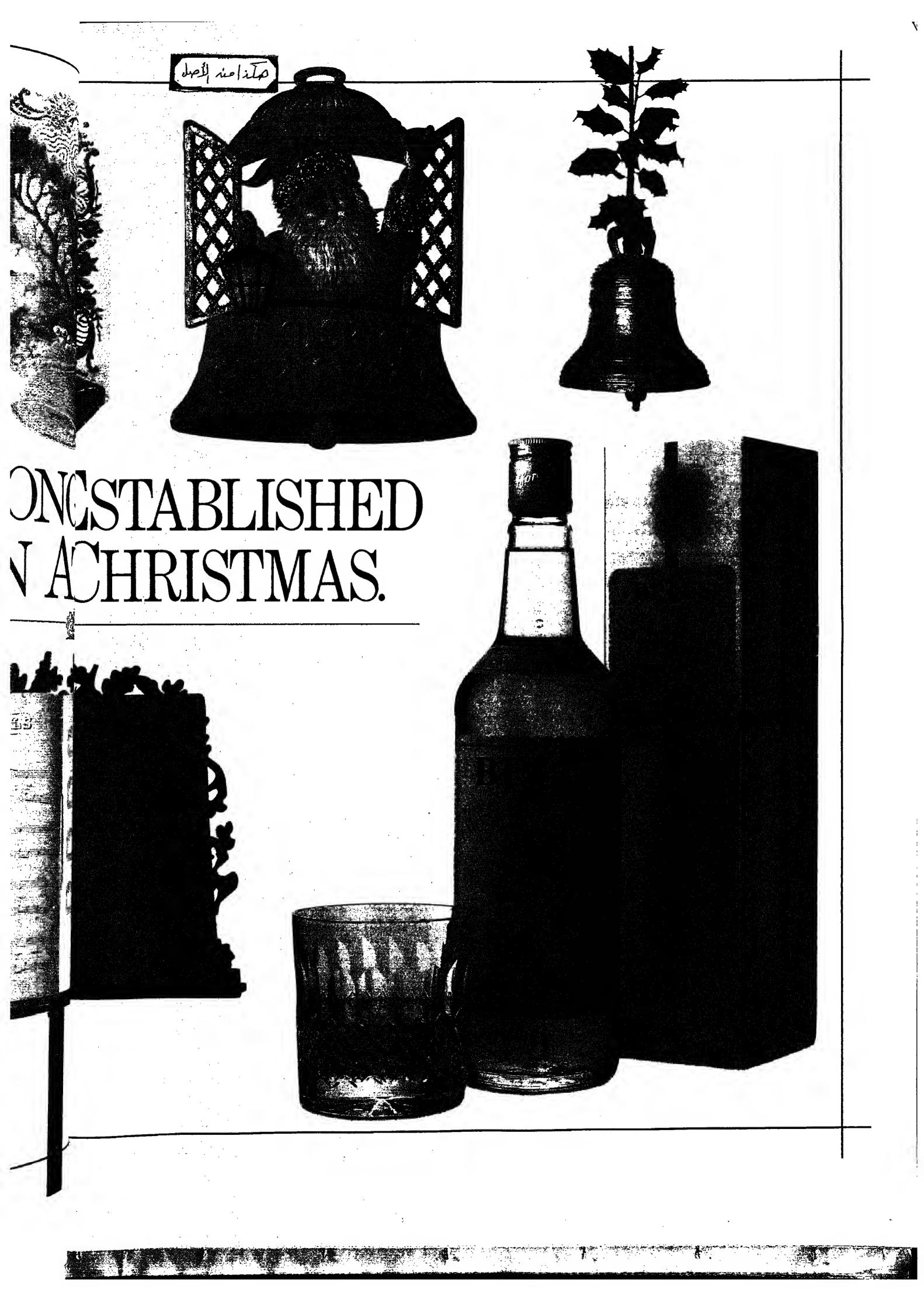
The hear pump, comprising compressor, evaporator and condenser, produces up to 450 gallons of hot water each day through an indirect cylinder. The complete cooling system shuts off if the cellar temperature falls below 10°C.

The factory-built packaged unit has The factory-built packaged unit has several important advantages: no refrigeration connections are required on site and most of the equipment is in the cellar, making it easier to

tick box 3. Please send me copies of leaflers/information on the following topics: Please ack as appropriate 2. Electric 3. Electric 1. Beta Company/Address Please send the coupon to: Electricity Publications, PO Box 2, Central Way,







NOTICE OF REDEMPTION To the Holders of

ENTE NAZIONALE IDROCARBURI

E.N.L

(National Hydrocarbons Authority)

7% Bonds 1988, due January 15, 1988 NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the londs of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Igent, has selected by lot for redemption on January 15, 1987 at the principal amount thereof 16,772,000 principal amount of said Bonds, as follows:

ads of U.S. \$1,000 Each of Prefix "M" Bearing Serial Nu Ending in the Following Two Digits:

10 18 22 32 43 45 .61 12 21 26 40 44 60 63 Also Bonds of U.S. \$1,000 Each of Prefix "M"

Bearing the Following Serial Number 1416 4616 7316 10316 11016 12816 15116 17916 19216 21816 23416 24016 25916 27416 30716 31716 2916 6516 8616 10916 11416 14416 16816 18016 20516 22916 23616 34716 27016 30016 31316

On January 15, 1987, there will become and be due and payable upon each Bond the principal amount thereof, in such coin or currency of the United States of America as on said date is legal tender for the payment therein of public and private debts, at the option of the holder, either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, NX. 10015, or (h) subject to any laws and regulations applicable thereto with respect to the payment, currency of payment or otherwise in the country of any of the following offices, at the principal office of Banca Nazionale del Lavoro in Rome or the principal office of Banca Commerciale Italiana in Milan or the main offices of Morgan Guaranty Trust Company of New York in London, Brussels, Paris or Frankfurt or the main office of Krediethank S.A. Luxembourgeoise in Luxembourge-Ville.

in Luxembourg-Ville.

Bonds surrendered for redemption should have attached all unmatured coupons appurtenant thereto. Coupons due January 15, 1987 should be detached and collected in the usual manner.

From and after January 15, 1987 interest shall cease to accrue on the Bonds herein designated for redemption.

ENTE NAZIONALE IDROCARBURI By: MORGAN GUARANTY TRUST COMPANY

December 16, 1986

Under the Interest and Dividend Tax Compliance Act of 1983, we may be required to with-Under the Interest and Dividend Tax Compliance Act of 1983, we may be required to withhold 20% of any gross payments made within the United States to certain holders who fail to
provide us with, and certify under penalties of perjury, a correct taxpayer identifying number
(employer identification number or social security number, as appropriate) or an exemption
certificate on or before the date the securities are presented for payment. Those holders who
are required to provide their correct taxpayer identification number on Internal Revenue Service
Form W-9 and who fail to do so may also be subject to a penalty of \$50. Please therefore provide
the appropriate certification when presenting your securities for payment.

Tax cuts 'do not cause people to work harder'

THE Office of Telecommunications ternational telex services to BT's. (Oftel), the industry's regulatory BT and Mercury have settled body, has agreed to sort out a disternishment for inland telex calls but

oute between British Telecom and were unable to reach an agreement its new competitor, Mercury Comfor international telex despite year-

which Mercury can connect its in- two companies is over price. Mercu-

long talks. The main a

THE Government's claims for the different reactions to tax cuts bebeneficial effects of tax cuts on in-centives in the labour market have the broad assessment is that the oned report from e leading

The exhaustive study, commis-sioned in 1979 by Sir Geoffrey Howe when be was Chancellor of Exchequer, has only just been pleted. Its main conclusion, following a detailed review of the behaviour patterns of several thoueholds, is that there is no evidence that, on average, tax cuts encourage people in employment to

centive and wealth effects - broadly cancel each other out.

women, especially those in partime employment, to work longer hours because they will keep more of their earnings. For men on average earnings, however, the boost to their existing income provided by lower taxes tends to take precedence over the incentive effect.

The study also finds that, even for those people who are encoursive analysis of data gathered by the Office of Population and Census, was co-ordinated by Professor ment. More than three quarters of

hours because of the way in which their companies were organised.
The Treasury, which received the The Treasury, wanth received the report over a month ago, is seeking to play down the significance of the findings on the Government's taxcutting philosophy. Officials say that other beneficial effects of low-

Brown's study.

The Treasury said yesterday that
the initial plans for the work had

It appears, however, that the desive analysis of data gathered by the Office of Population and Census, was co-ordinated by Professor C. V. Brown of Stirling University in Scotland.

Although it finds that there are

er tax cuts - such as encouraging people to set up small companies or switch to riskier employment -were outside the remit of Prof

been drawn up under the previous Labour Government.

Mr Ray Horrocks has been appointed a non-executive direc-tor of LOOKERS. He was chair-man of Unipart, BL Cars and Jaguar Car Holdings. Ruling on international telex calls

BRITAINS PETITE has appointed its new board. Mr Peter Crook, chairman, Mr Peter Lamb (Britains) and Mr John Naylor (Petite), joint managing directors, Mr Barry Steer, sales and marketing director, and Mr Albert Shutt as a director. A finance director will be appointed shortly and Mr Mike Taylor has been appointed director of marketing for both brands. ry says that BT wants to charge it much the same for conveying its te-lex messages as normal BT custom-Mercury has agreements for di-ect telex transmissions to the US,

Sir John Nott, chairman of Lazard Brothers and Co, has been appointed a director of ROYAL LIFE HOLDINGS from January 1. Mr D. A. Davies has been appointed an assistant managing director. Mr Roy Elms, executive vice president of the Royal Insurance Company of Canada, will become president and chief executive officer from January 1. He succeeds Mr Jean Robitaille who will, continue as a director and a consultant.

At VALLANCES Mr Paul N. Guy has been made chief executive of the core retailing business. He was formerly deputy managing director of Amos Hinton, deputy chairman of Comet and group financial director of Woolworth. Mr Martin Vallance will be full-time chairman of the board of the retailing business. Mr Jalian Vallance remains group chairman.

Standard Chartered export finance service

KAE GROUP has appointed Ms Gunda Lapski to the board. She is also managing director of International Information Ser-vices (ISS), a KAE Group sub-sidiary.

At VALLANCES Mr Paul N.

STANDARD CHARTERED has formed Standard Chartered Export Finance Limited (SCEFL), to offer specialist types of international trade finance and related services, with particular emphasis on non-recourse finance in the short and medium term credit areas up to five years. Mr Michael Maddea, currently a managing director of Standard Chartered Merchant Bank and a director of Standard Chartered Merchant Bank and a director of Standard Chartered Merchant Bank (Holdings) has been appointed managing director of Scent Mr Macpherson and chief executive of SCEFL Mr David Millar, an executive director of Standard Chartered, becomes chairman of the new company, Mr John Davidson will be deputy chair man and Mr Joe Pannell has been appointed a director. Mr Madden is also a general manager of Standard Chartered. TSB COMMERCIAL HOLD-INGS (formerly UDT Holdings), has appointed three non-erecutive directors: Mr John Hamali Forbes Macphersan, Mr Laurence Adrian Waring Evans and Mr Kenneth Bernard Cox. They also join the board of United Dominions Trust. Mr Macpherson is a director of TSB Group-Formerly senior partner of Touche Ross in Scotland, he was appointed a trustee of TSB Scotland in 1994, and is now deputy chairman of TSB Scotland. He is also chairman of Scottish Mutual Assurance Society and director of Scottish Metropolitan Property. Mr Evans is group managing director of Benchmark Group. He is also a director of Blakeney Hotels. Mr Cox was executive director of International Commodities Clearing House.

RIVERS GROUP, a Sedgwick company, has appointed Mr J. N. Daniels as marine underwriter.

BECK AND POLLITZER CON-BECK AND POLLITZER CONTRACTS has appointed Mr A. W. Harvey as a director from January I. Mr Harvey is general manager of the company's exhibition hall services operation at the National Exhibition Centre, Birmingham.

Mr Richard Ouston has become managing director of VIKING POLYPROPYLENE, the polypro-POLYPROPYLENE, the polypropylene bag and hanger-system manufacturing division of the Viking Packaging Group. He was previously commercial director and he fills the vacancy created by the appointment of his predecessor to a new main board post.

JOHN LAING CONSTRUC-TION has appointed Mr Brian Hambridge director of planning and resourcing from January 1. Mr Gerden Hill becomes director of industrial relations on the

ROBINSON BROTHERS has appointed Mr L. G. Fisher and Mr F. D. Robinson as joint managing directors as from January L.

At MORGAN GUARANTY TRUST COMPANY Mr Guy Field Comet and group financial director of Woolworth. Mr Martin Vallance will be full-time chairman of the board of the retalling business. Mr Julian Vallance remains group chairman.

**

Mr Iau Stanford has been appointed managing director of treasury in Brussels.

TRUST COMPANY Mr Guy Field will become senior adviser on February 1 on all treasury, bullion and securities business, bullion and securities business, bullion and securities business.

Based in London, succeeding him as the head of Morgan Guaranty's London treasury is Mr Headrik van Riel, vice president, currently in charge of the baok's Belgian offices treasury in Brussels.

In business you need partners you can rely on.



Lufthansa

Hull Design Inquiry

on November 13, 1986, Lloyd's Register of Shipping is to conduct an independent Inquiry under the chairmanship of LR Chairman H. R. MacLeud to consider the S90 hull form in the role of an

The terms of reference of the Inquiry are:

"To consider the advantages and disadvantages of the 590 huil form for the purposes of meeting the Naval Staff Requirement account of independent assessments made in 1983 by YARO and by the Marine Technology Board of the Defence Scientific Advisory Council, and of the Hill-Norton Committee Report Hull Forms for Washing published in May 1986, and to identify any implications for the design of future destroyers and frigates for the RN.

and ingates for the RN.

The Inquiry will address, in the first instance, seakeeping, specifypower and manoeuvrability, including hydrodynamic lift of a hall form of this type. Other issues which will be considered by the Inquiry are: size/hyout, hall structural strength, static stability, specialised military features and the construction and maintenance cost/time differentials for the \$50 vis-a-vis the conventional design for a vessel to meet NSR 7069.

The Inquiry will be private and confidential, reporting to the Secretary of State for Defence. No public comment will be given by LR until the Inquiry has reported. Lord Trefgame indicated that, subject to the requirements of security and commercial confidentiality, it was the Government's intention that LR's Report should be published.

Lloyd's Register invites persons who are both qualified and interested in making a contribution to the work of the Inquiry to write, stating their area of expertise and interest to: The Chief Ship Surveyor Lloyd's Register of Shipping 71 Fenchurch Street LONDON EC3M 4BS

Letters should be marked Hull Design Inquiry. The Chief Ship Surveyor will then advise prospective contributors of the procedure to be adopted for making 6 formal written submission to the Inquiry.

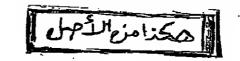




ESPANOLES ECU 46,500,000 Guaranteed Floating Rate Notes due 1994

For the six months 15 December 1986 to 15 June 1987 each note will carry an Interest Rate of 8 % % per annum and a Coupon amounting to ECU 413.92 LISTED ON THE LUXEMBOURG STOCK EXCHANGE BY: BANQUE INDOSUEZ AGENT BANK





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1986 : 35 June 188

FINANCIAL TIMES SURVEY

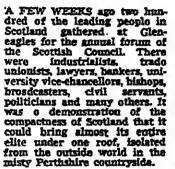
Tuesday December 16th 1986

Scotland

Scots are in two minds whether to be optimistic or pessimistic. The growth of electronics has helped to balance job losses elsewhere but the oil boom has been less long-lived. A majority, however, now tends to the view that further devolution to Edinburgh is needed.

Faults in the new model

By James Buxton



JOHN LAING COSSING TION has appointed to be Earnbridge director of place and resourcing from January for Gordon Hill becomes designed to the cost of t The conference began with pessimism in the form of a keynote eddress on the de-industrialisation of Scotland. by Mr Neil Buxton, an economist. It ended with a ringing expression of optimism—coupled with a pithy refutation of Mr Buxton's doleful thesis—hy Mr Malcolm Rifkind, the Secretary of State.

It was only a slightly more genteel version of the conflict between the forces of optimism and of pessimism that rages daily in Scotland, where every event is felt with acute keen-ness, often magnified by the narrowly focused local media. Lay-offs and plant closures oil price, which almost no one provoke torrents of doom-laden declarations and accu-to more than 30,000 by early sations from the pessimists, 1988.

The optimists hall o decision by a foreign electronics mann-facturer to establish a plant in Scotland as a national triumph,

Optimism, in fact, is one of Optimism, in fact, is one of Scotland's most important products at the moment. It is the vital force that has enabled once-depressed cities such as Glasgow to get back their self-confidence, even if they have not regained their former prospective. perity. It is successfully used as a weapon by the men who are trying to develop a new basis for the Scottish economy through organisations such as the Scottish Development

Optimism about Scotland's prospects is also essential to the Conservative Party as it faces the likelihood of losing Scottish seats in the next General Election, whatever hap-pens at the UK level.

Just now, however, there can be little short-term cheerfulness about the Scottish economy. The collapse of oil prices has already cost Scotland more than 10,000 jobs—the announcement of 1,600 redundancies at Scott Lithgow being the latest disaster—and without o large and sustained upturn in the

While the oil boom has given Scotland an important boost over the past 10 years, much of the economy has gone through a painful transformation, as the output and capscity of heavy industry—steel, shipbuilding and engineering—has continued to decline. A quarter of a million jebs in manufacturing have disappeared since 1974. However, output of the elec-tronics industry, based to a significant extent on foreign companies, has doubled, and many new jobs have been created in services.

For the optimists, Scotland is a good example of the new British economy, in which a relatively small number of manufacturing jobs producing high value-added products sustain the rest of the economy in which the bulk of employment is in services.

But for the pessimists, this is not enough. The new high-tech industries, they say, constitute little more than a branch economy. The conservative majority of Scots believe that real jobs mean manufacturing jobs, preferably in heavy industry, as the almost unanimous support for the national campaign to keep the Ravenscraig steelworks from showed.

Irrespective of the polemic, it must be asked whether this new model for the Scottish economy will really work. Efforts to create an indigenous Scottish electronics industry to complement the spultipational complement the multinational industry have been only parti-

If doubts have been expressed in the rest of the UK as to whether enough people have the entrepreneurial drive to create the small businesses that are to become the big omployers of the future, there must be even more uncertainty in Scotland. Scots have always done, and continue to do, supremely well outside Scotland, but in spite of a piethora of enterprise schemes and other forms of encouragement, there is yet to be a surge of new Scottish small business-

There are proportionately far fewer business expansion schemes in Scotland than there ought to be, given that Scot-land has one-centh of the UK population. The capitalist ethos seems weaker: the proportion of Scots buying shares in privatisation issues is far below the national average. Scotland, where more than half

double the UK average, has a long way to go in shedding its Even Scotland's valuable cohesion and sense of national

identity sometimes mask com-placency and even snobbery. The Scots permitted Distillers, the largest company in their best known industry, whisky, to fall into decay and its menage-ment to slip into the hands of people who lived in the home

When Mr James Gulliver, of Argyll, tried to buy Distillers, with the full intention of bringing its headquarters back to Scotland with the decision-making authority and ancillary jobs which that would have im-plied, some in the Scottish establishment objected to this son of a grocer from Campbel-town joining their ranks.

To them, Guinness seemed an altogether more appropriate suitor for Distillers, and it made similar promises about moving its decision making centre to Scotland, as well as agreeing to make Sir Thomas Risk, Gover-nor of the Bank of Scotland, its Mr Ernest Saunders, now

Guinness's chairman, changed his mind about Sir Thomas Risk the population still lives in and the commitment on the council accommodation, nearly headquarters was watered down.

backed Guinness were left look-ing foolish. Now, Guinness has begun making the redundancies in the whisky bottling industry which everyone knew were inevitable, and the Scots wait to see what the pledged transfer of Guinness's "designated"

Probably no one was more furious at Guinness's actions last summer than Mr Rifkind. He knows that for the Conservative Government a failure by Guinness to keep its promises now would lay it open to the accusation that capitalism is failing Scotland yet again. Since his appointment as Secretary of State, Mr Rifkind has impressed Scots with his irrepressible eagerness and his bril-liantly concise speeches, de-

mean in practice.

livered without a note. But he represents a party which won only 28 per cent of the vote of the 1983 general election and which opinion polls suggest could lose at least a third of its seats at the next election. Most Scots support the Left; the politics of the Thatcher Government are not to Scotland's taste and the relentless pace of industrial closures has been electorally

Further, the last few years have convinced a majority of Scots that some form of Scottish Assembly is now highly desirable and the Con-servative Party is the only one that is not offering it.

The party's own supporters were alienated by the massive increase in rates in 1985 which headquarters to Edinburgh will followed the regular revalua-tion. They should, however, now be assuaged by the Bill to abolish rates altogether and replace them with a flat community charge, which is now be-fore Parliament. The Government's opponents call it a poll Scottish Office ministers are

haunted by another fear: what would happen if their party were decimated in Scotland at the next election, while staying in power at Westminister? There have already been claims from Opposition parties that Tory rule in Scotland would thus lose its legitimacy, and some Lebour MPs have talked of the Scottish Party withdrawing its MPs from Westminister. In such circumstances, would

Scotland be governable by the Tories? The Government badly needs some good news in Scotland, but looks unlikely to get

The economic boost of electronics has been soured by the oil price crisis, which has hit Aberdeen (above left) particularly hard, and added to the pressures on Scottish Secretary Malcom Rifkind

Industrial output

 Output changes in Scottish manufacturing industry 1979-85 Metal manufacturing Minerals and mineral products Chemicals and manmado fibres Engineering and allied Industries of which: Metal goods Mechanical engineering Electrical and instru-ment engineering Transport equipment Food industries
Drink and tehacco
Textiles, footwear, leather and clothing
Other manufacturing
Other Mall Buxton: Perform Source: Dr Nell Buxton: I and Problems of Scotland Economy, based on

error and the second SCOTLAND CHOSEN AS TOP EUROPEAN WORLD'S **FASTEST** LOCATION COMPUTER COMPANY PERSONAL GROWING

Compaq Computer Corporation, the fastest-growing personal computer company in the world, is also the fastest ever to reach the Fortune 500.

The key to such startling growth is an unwavering commitment to quality and customer satisfaction.

When Compaq went looking for a first European manufacturing site they asked some demanding questions. In Scotland they discovered a location that was absolutely right for them.

Right because all the support industries and infrastructure they require

are already in place.

Right because a large percentage of their European market is in Britain.

Right because of the skills, quick wits and firm commitment of the Scottish people.

Right because the Scottish Develop-

ment Agency went to great lengths to offer a package tailor-made to Compaq's needs.

Scotland, like Compaq, offers quality and customer satisfaction. That's why they are such compatible partners.

OCATE IN SCOTLAND.

SCOTTISH DEVELOPMENT AGENCY, 120 BOTHWELL STREET, GLASGOW G27JP. TELEPHONE 041 248 2700.

Sanday December 14, 1901

SCOTLAND 2

THE SCOTTISH **INVESTMENT** TRUST PLC

Objective—to provide our stockholders with a high total return through an international portfolio of growth companies.

PRELIMINARY FIGURES FOR YEAR TO 31 OCTOBER 1986

	<u>1986</u>	1985	INCREASE
GROSS INCOME	£13.2m	£11.7m	+12.6%
DIVIDEND PER ORDINARY UNIT	6.5 5 p	5.95p	+10.1%
TOTAL ASSETS	£477.9m	£353.2m	+35.3%
NET ASSET VALUE PER UNIT	483.1p	349.0p	+38.4%

The Chairman, Mr Angus Grossart, commented:

"Our good performance reflects the increasing emphasis which we have placed in recent years on new sources of investment opportunities."

Stockholders' rate of return over the last five years has been 29.6% p.a. Net asset value has increased for twelve years in succession Geographical distribution of assets:— 31% 30% 22% 17% 100% **FAR EAST**

For a copy of our annual report, due out in early January, mail the cousion below (no stamo recuised in the UK)

THE SCOTTISH INVESTMENT TRUST PLC 6 Albyn Place, Edinburgh

To: The Secretary, The Scottish Investment Trust PLC, FREEPOST, Edinburgh, EH2 0DH.

Please send me a copy of the 1986 annual report. ADDRESS

CaCtydesdale Bank

To finance your business, there are a number of

The first step in funding is to investigate the selffinancing options - the costing, pricing, profitability and stock level elements of your business, together with its

The next step is easier. Once the purpose and viability of further finance are established. Clydesdale

Bank have a wide choice of options. Short, medium and long term loans, leasing and

hire purchase, equity finance, overdraft facilities and ex-

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port finance. If you need financial advice, we, at the

Clydesdale Bank, are there when you need us.

steps you can take for yourself.

Every step of the way.

terms of trading.

EUROPE

Tightening of belts FOR THE first time for several glaring evidence of a sharp years, the Scottish economy is downturn that all is more or now set to under-perform that less all right, could face a nasty of the UK as a whole. For, depression in the coming despite its high rate of unmonths. It will mean closures

The Economy

offshore oil industry, the sector which put the shine on what was otherwise a fairly modest performance by the Scottish

economy,

The sudden drop in the oil price has caused the postponement or cancellation of much new development work, a drastic cut in exploration and a general tightening of belts by the oil operators. At the beginning of this year there were reckened to be 71,500 oil related jobs in Scotland. About 10,000 jobs in Scotland. About 10,000 of these are already calculated to have disappeared, and if oil prices remain low for the rest of the decade a total of 18,000 jobs will have gone by early 1988, plus a further 14,000 in activities dependent on the oil industry. That would add 1.3 per cent to Scotland's unemployment rate, which currently stands at 13.8 per cent, though with pockets of male unemployment in places like the ship-building town of Greenock that exceed 25 per cent.

These are the bald figures, as calculated by the economists Mr

calculated by the economists Mr Alex Salmond of the Royal Bank of Scotland and Mr Jim Walker of the Fraser of Alian-der Institute of the University of Strathciyde, based on the more pessimistic of current assumptions about the oil price. The figures mean that Aber-deen, boldly claiming despite

of the UK as a whole. For, depression in the colling despite its high rate of unmonths. It will mean closures employment, Scotland's rate of and amalgamations in the off-gdp growth has been marginally better than that of the whole British economy.

The reason is the crisis that is beginning to bite hard in the it could endanger the future of the colling of the colling to the col it could endanger the future of Scottish engineering companies which are not totally dependent on offshore work may have been so profitable as to the extent of making the whole business viable. If companies fold as e result, the offshore expertise could be lost for good.

For the UK as a whole the

could be lest for good.

For the UK as a whole the effects of the oil price collapse are reckaned to be broadly neutral, with cost savings and the decline in sterling offsetting the direct effects on the offshore oil industry. But, though some optimistic noises about improved export possibilities have been picked up by recent surveys of Scottish husinesses, the net effect on Scottand of the oil price decline is certain to be price decline is certain to be negative, simply because the oil industry is more concentrated in Scotland.

fact that only two sectors pressed areas of Britain such the east end of Glasgow, and is actually showed an increase— as the north-west and the north-trying much the same thing in the same with a 4 per cent rise, about the same level as Scot-much of its energy goes into

and "enginering and allied in-dustries" which rose by 17 per cent. This 17 per cent is com-posed of four sub-sectors, three of which declined while the fourth rose by no less than 100 per cent. The fortunate sector was electrical and instrument

engineering, or electronics.

The burgeoning of the electronics industry is the most obvious success of the great efforts vious success of the great efforts which bave been made since the mid-1970s to revive the Scottish economy, when it became even more obvious that Scotland's traditional heavy industries, coal, shipbuilding and even steel, were in grave decline. Its existence, and the 43,000 people it employs, enables Government ministers to claim that Scotland is not "declaim that Scotland is not "de-industrialised."

industrialised."
But there is a fragility about the Scottish electronics industry: despite the growth of an indigenous Scottish industry to support it and its links with the country's strongly science-based universities, it is still heavily based on foreign companies.

based on foreign companies.
The truth is that, like the rest
of Britain, the Scottish economy
now lacks the broad hase of n Scotland.

That throws the burden of one finds in France, West Ger-That throws the burden of providing growth and employment onto other parts of the economy. Mraufacturing output had by last year crept back to exactly the same level as it stood at in 1879, before the great shakeout of jobs and capacity in manufacturing caused by little different from the rest of the high value of steriling and the abrupt end of restrictive practices.

But the figures, as measured on an indexed basis, mask the fact that only two sectors actually showed an increase—
"themicals and man-made assist where unemployment is at

The Ferranti Defence Systems factory at Crewe Toll, Edinburgh

land, yet new enterprises are fewer and farther between,

fewer and farther between,

Scotland benefits from its
strong sense of authoral
identity, which often enables
warring factions in local
government to sink their differences, and from having, in the
Scottish Office, a single government department on a relatively
human scale. The Scottish
Development Agency, set up in
1975 with a wide brief to find
ways of regenerating industry,
reviving depressed urban ereas
and removing the worst scars of
decaying industry from the
landscape is held up as an excellent example of how a
development agency ought to
work: with dynamic leadership
and in an arms length relationship with central government.

ship with central government, It can claim much of the It can claim much of the credit for the rehabilitation of

"software"—a hearts and minds campaign both to exploit the strengths and opportunities which exist in Scotland, and to convince the outside world that Scotland is a good place for companies to establish themselves.

Mathewson, George

George Mathewson, the agency'e chief executive, is in no doubt that it is the service sector that will provide the majority of Scottish jobs in the future. He had said: "If we itad as many resteurants per head of population as they have in the US, we would have another 75,000 people in work."

He wants to see the strengthening of Scotland's important financial services industry, and the attraction of the offices and satellite administrative centres. But it is not a vision of the future that either convinces or appeals to everyconvinces or appeals to every-

James Buxton

Bathgate

Hopes pinned on small businesses

of industrial misfortunes and mistakes. It lies almost halfway between Edinburgh and Glas-gow amid the old slaghesps and abandoned coalmines of West Lothian. .-

This was once a place of reasonable prosperity, based on oil shale extraction and coal mining. But shale mining disappeared in 1962, and though there were 31 collieries in 1961, coal mining came to an end in 1984 with the closure of the Polkemmet plt during the miners' strike at a cost of 1.800

when by the late 1950s unem-ployment had reached the then horrifying level of 6 per cent, the Government persuaded the British Motor Corporation (later named British Leyland) to locate a large commercial vehicles and tractor plant in Bathgate. The aim was eventually to employ 12,000

people.

But the payroll never reached more than 6,000 and from 1980 Leyland began moving producttion away from Bathgate. Hit by vigorous and self-reliant, the collapse of overseas though not used to working for markets, the company in 1984 themselves.

In 1884 a Scottish Office workof the 1.5m sq ft plant. The last 900 men were made redundant in July this year. Now the Rover group is discussing sell-

nails. They often do not know until Friday whether they are going to be able to pay that week's wage bill."

The speaker is Mr Michael conomic problems, other aspects of economic developing to breathe new life into the shattered economy of Bathgate, one of Scotland's worst victims

cenure.

Since the arrival of the plant most of the area's post-coal economic problems, other aspects of economic development were neglected. The rundown of the plant, plus the closure at the end of the 1970s one of Scotland's worst victims of a Plessey operation employ-ing 2,500 provoked e bigger and faster fall in employment than that suffered by any other town in Scotland, and there was little to fall back on. Now official male unemploy-

ment in the Bathgate area, with a population of about \$0,000, is 25.5 per cent. The true figure may be 30 per cent. Male youth unemployment could be

as high as 60 per cent.

Many of the unemployed are
too old to work in electronics
in the nearby new town of Livingston, a creation which may have been a drain rather than the boost to Bathgate which was intended. "These are also not the sort of people who can put on e paper hat and go and work in a hamburger bar," Mr Fass says.

How do you revive such a desolate economy? There are some strengths: Bathgate is in the heart of Scotland's central belt, already exploited by several distribution operations, while ex-mining families are vigorous and self-reliant,

In 1884 a Scottish Office working party recommended a new motorway interchange and the reopening to passenger traffic of the railway to Edinburgh.

put on. In 1984 Bathgate won equal to win investment.

The spearhead of the campaign to revive Bathgate is Bathgate Area Support for

Enterprise (BASE); set up in 1983 by the Scottish Develop-ment Agency, Leyland Vehicles, Lothian Regional Council and West Lothian District Council. Mr Fass, an Englishman with a background in Industrial management, directs it with an enthusiasm that only partly con-ceals his anger at the British economy for producing today's

Bathgate.
Part of BASE's remit helping business start-ups-both by indigenous concerns and inward investors—and assisting existing companies. BASE gives advice, provides factory units, advises on sources of finance and operates a "lifeboat" service to rescue companies in trouble. It is to run a £500,000 Bathgate investment fund financed by the Scottish Development Agency

and the Royal Bank of Scotland, which will make equity investments in small companies.

But much of its activity is devoted to what Mr Fass calls a "hearts and minds" campaign to encourage people from the area to look at self-employment, or setting up small busine as a source of prosperity.

"THIS IS an economy were people hang on by their finger-nails. They often do not know until Friday wbether they are going to be able to pay that week's wage bill."

The speaker is Mr Michael

ing it for conversion into a The motorway function is going ranging from a scheme run in able and the railway reconcent opened in March this year, education authority to introduce opened in March this year, education authority to introduce the learning of "enterprising behaviour" into local high extra trains have had to be schools, thought to be the only put on.

The speaker is Mr Michael In 1984 Bathgate won equal to the creation of the Business development area status with Development Centre, a joint Livingston, giving it a chance venture with West Lothian College of Further Education.
This runs business "work-shops" courses, and provides an information and research

> "Running your own business can be a terrifying prospect for someone who has never done it before," says Mr David Swinton, the director.

BASE wants to be seen as rooted in the community, depending heavily on links with other local institutions. There is dauntingly, far to go, but with the other authorities it can claim a number successes. These include small business start-ups on an estate at Whitburn, in the shadow of the deserted Polkemmet pit, a management buyout, and Goodwill Enterprises, a venture sponsored by BASE, Levi Stranss, the jeans maker, and Lothian Regional Council. This rehabilitates office farmiture and sells it cheaply to voluntary organisations.

It is the kind of co-operative, It is the kind of co-operative, bootstrap operation that symbolises Bathgate today, "With the final closure of the truck plant there are no large employers left in aBthgate. It can't get worse," says Michael Fass. "Over the next five years it can only get better."

James Buxton

Heavy Industry

The search for diversified roles

SCOTLAND'S traditional heavy industries have been on the decline since the turn of the century. The erosion of a resource which once served the Empire into a sector which the markets cannot support has left deep scars.

Much of the shipbullding on Much of the shipbullding on the Clyde has fallen to the com-petition of cheaper and more efficient yards in Jepan or South Korea. Earlier foreign pro-ducers had also undermined the powerful textile industries of Lanarkshire. Electronics, while an important new source of this, also seriously undermined jobs, also seriously undermined the manufacture of mechanical cash registers and watches in Dundee, Oil as well as atomic power reduced the need for

coal, and new methods of steel-making and the decline of the industrial projects, UK motor and engineering in-dustries have closed down steel The political pressures re-

Ravenscraig remains.
The political pressures remain

mills.

Decline afflicted the thinking labour'e seemingly unshakof many in the traditional industries, including even its most senior management other parts of Britain are as Deindustrialisation has been badly off or worse has, however, secondaryled by an increasing diluted. Sectional's cases for

dustries, including even its most sentor management Deindustrialisation has been accompanied by an increasing dependence on government for protection and support.

Big government-backed initiatives like the Linwood car factory, the Corpach pulp mill, the Invergordon aluminium smelter, the Bathgate truck plant and the Ravenscraig steel mill were the response to the political pressure to halt the hasmorrhage of jobs.

parliament. The recognition that other parts of Britain are as badly off or worse has, however, diluted Scotland's case for special treatment. Today the Standing Commission on the Scottish Economy, a body with wide political support and representing both sides of industry, has set out to exert new pressure on government to back the regeneration of the traditional industries through government contracts, financial assistance and support for

investment in new machinery. Yet, even in sectors subject to severe decline there continue be notable successers. Produc-tion at Ravenscraig using its continuous casting system matches or betters European efficiency levels in steel making, Govan shippard has eliminated damaging industrial demarcation and adopted new cost saving module construction. cost saving module construction.

Rolls Royce at East Kilbride
has designed and developed an
advanced turbofan Tay engine,
Anderson Strathclyde in Glasgow has introduced a fierdible
automated manufacturing system which allowed them to
respond quickly to new orders.

Mark Meredith

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SCOTLAND 3

Finance

Make or break after Big Bang

December 16 188

3ms factory at Crewe le

"Software" a heart minds campaign both to the strengths and oppose which exist in Scotland, convince the outland is a good who companies to establish to establis

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the learning of emerge behaviour into local i schools, thought to be the scheme of its kind in line

to the creation of the Bro Development Cenne 11

College of Further Ears Trus runs busines 't shops' courses, and profit colormation and re-

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before," says Mr David Sez the director.

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THE NEXT two years could make or break Scottand as a remained aloof. Noble Grossari financial centre, says one of the decided it wanted to remained aloof. Noble Grossari decided it wanted to remained place in the posters was mostly either merged with London firms or took eteps to above np the independence for which they had opted.

Independent, The stockbrokers mostly either merged with London firms or took eteps to above np the independence for which they had opted.

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Scotland was more a by-stockbrokers mostly either merged with London firms or took eteps to above np the independence for which they had opted.

Scotland was more a by-stockbrokers mostly either merged with London firms or took eteps to above np the independence for which they had opted.

stander than a participant in Hig Bang. Some institutions made important structural changes, others deliberately stood aloof, but most were simply too small to be involved.

A big effort is now below A big effort is now being made to strengthen the Scottish financial community—an effort that indirectly is getting Gov-

Big Bang could easily end in based General Accident.

property of others on which we have built a fund management industry with a high reputation."

But he acknowledged that

financial community—ar effort that indirectly is getting Government help.

The Scottish financial community consists of the three Scottish clearing banks (Royal Bank of Scottish clearing banks (Royal Bank of Scottish-based life assurance companies (led by Standard Life), merchant banks (led by Standard Life), merchant banks (led by Noble Grossart) a complement of stockbrokers, and a large contingent of fund managers.

Based mainly in Edinburgh, Glasgow and Perth, the community is easily the biggest concentration of financial zervices anywhere in Britain outside London. It is tightly knit, but not always united.

Only one Scottish financial institution, the Royal Bank of Scotland, features in the list of big players in the new financial markets: the Royal Bank of Scotland, took neer the Charterhouse merchant hank, and the stockbrokers Tilney. By contrast, its Edinburgh rival, Bank of Scotlend, took the firm view that Big Bang could easily end in besed General Accident.

The drive to found SFE was assets cheaply. The trusts mostly born in part out of an initiative stand at a discount to their by the Government-funded Scottish Development Agency (SDA), which commissioned a

(SMA), which commissioned a comprehensive survey of sector from the consultants Boot Allen and Hamilton, a study now being discussed with the interested parties prior to publication early in the New Year.

Which they can make themselves bid-proof.

The smaller life offices could find their markets for savings vehicles eroded under pressure from the larger and often more publication early in the New Year.

The SDA is now setting up a division which is intended to apport the financial services sector and underpin SFE. Exactly what it will do has yet to be made fully clear, but it is likely to bring to bear the SDA's own strengths as a catalytic force. And it could use the proven marketing skills to persuade financial institutions.

South.

There could be further erosion of the Scottish identity of the banks. Royal Bank was nearly taken over by Hong Kong and Shanghai Bank at the beginning of the 1980s.

That may all be looking on the black side. One reasonably builts member of the Scottish financial community says: persuade financial institutions from outside Scotland to set up here, taking advantage of the grants now available to service

grants now available to service industries.

The SDA's support for the financial community is in line with its policy of supporting Scotland's actual and potential strengths, but in the country's more deprived areas there have been mutterings that of all the country's economic sectors, the financial community was surely the one best able to look after itself.

The truth seems to be that there is much more concern about the future of the Scottish about the future of the Scottish financial services industry (which employs 80,000 people) than is publicly admitted. "It is really awfully slender," said one person closely involved with it. "What we are worried ebout is that the whole thing could wither away."

ties-are at risk to sny predators attempting to acquire their

Foreign investment in these

stand at a discount to their assets value, but there are scarcely any mechanisms by which they can make them-

South.

There could be further erosion of the Scottish identity of the banks. Royal Bank was

financisi community says:

Boesky and Collier are very

cood news for Scotland. We good news for Scotland. We have a clean reputation and do not have the conflicts of interest that Big Bang has produced in the South-East but we have to sell ourselves better."

sell ourselves better."

That, of course, is the role of SFE, which is now moving into premises and planning a programme which will consist of publications—an annual directory and, possibly, a newsletter—as well as the holding of seminars and conferences. The broad aim is to increase general world ewareness of the Scotish world ewareness of the Scottish financial community's strengths: and weaknesses, an aim which involves identifying an appro-

priate marketing strategy.

In the Georgian drawing rooms from which the players in Scotland's financial services it. "What we are worried ebout is that the whole thing could wither away."

Observers and participants in the financial community point to several possible thrests:

The investment trusts—one of Scotland's financial specialities—are at risk to any world."

In Scotland's financial services industry operate, there are already signs of frustration that SFE is not doing enough. "I want to see them just getting nut to the US and selling Scottish financial services for all they're worth," said an investment manager.

James Buxton

Electronics

Jobs won in shadow of slump

SCOTLAND last month won created or safeguarded more what will probably be Europe's than 37,000 jobs.

LIS, which combines the promo-tional resources of the Scottish Development Agency with the grant-giving powers of the government's Industry Department for Scotland, has helped ettract over £1.85m in overseas investment since it was set up in 1981.

1981. about the role it can play in these projects in turn have industry.

Do you know . .

Do you know \dots

Do you know \dots

 $oldsymbol{D}$ o you know \dots

Manchester?

our brochure or contact:

more than £2.3 billion?

what will probably be Europe's than 37,000 jobs.

Inward investment is a My dustry, the development of the 1986, when the Texas-based Compaq Computer announced it would build a filem plant at Erskine, west of Glasgow.

Compaq will produce its full range of portable and desktop computers in Scotland and should provide about 350 jobs.

This news has come in the middle of a worldwide electronics slump and when the competition is tougher than ever among EEC members to entice inward investment from mobile US or Japanese companies.

It was a victory for the "never-say-die persistence" of the Locate in Scotland bureau.

LIS, which combines the promotional recourses of the Scotlish both and the contingular recourses of the Scotlish broad and the second recompanies.

It has been able also to draw the contingular recourses of the Scotlish broad has a large of the Scotlish broad has a large of the Scotland bureau.

LIS, which combines the promotion of sittled labour in the second recompanies and the second recompanies.

It has been able also to draw the contingular recomposition in the second recompanies and the second recompanies and the description in the development of the electronics ludustry, the development's hands-off policy to industry, the development of the section is a large on the back of a handful of such the late of a landful of such the development Agency identified the direction in which the industry the development and and the direction in which the dire

which Scottish Merchant Bank has this year

acted in successful takeovers of listed UK companies with an aggregate cash value of

which Scottish Merchant Bank has over £500 million under management in pension funds, unit trusts and venture capital funds?

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companies throughout the UK?

It has been able also to draw on a pool of stilled labour in Scotland, and it has generated opportunities for graduates from Scotland's universities and technical colleges. A new realism has been encouraged, too, within the academic world

each year by the industry and for about eight per cent of the sector's jubs. Despite the present Govern-ment's hands-off policy to in-

But companies with extensive R and D operations such as Hewlett Packard and NCR are a minority. Companies are generally much more tuned to sub-contract work and this is where most of the hope is

harboured.
One such indigenous company is Intelemetrics which supplies machinery for meauring the thickness of films used in the production of integrated circuits. Another, Clan Systems in Edinburgh, designs the control mechanisms for laser printers.

The SDA has directed venture capital into companies like Prestwick Holdings which prothe industry and the Inte-grated Ceramic Components sectors too has resulted in the growth of a sub-stratum of supply companies and creeted which manufactures multilayer

opportunities for indigenous Scottish suppliers.

Research and development has followed in several cases and now eccounts for a significant chunk of the £340m spent ceramic capacitators.

But local electronic entrepreneurs are still not coming forward in anything like the numbers hoped for. Private venture capital companies like Invesiors in Industry (3i), have to scour the landscape for

prospects.

A problem which will not go away for the electronics industry is that it is far from its markets. A greater awareness of marketing, according to the electronics division of the SDA, would help produce products which were closer to the needs of the market and help focus research and development

Scotland can always count on e core of people who actively choose to live there and benefit choose to live there and benerit from a quality of life which they prefer. This has been an important reason behind the growth of more than 200 software houses which together now provide 7,300 jobs. Three-quarters of the software com-panies export their products. According to a new trade directory of the software industries, 95 per cent of these companies are Scottish owned and cater for the local markets

and cater for the local markets and institutions. Scotland has, too, become one of the leading centres in British for research into artifi-

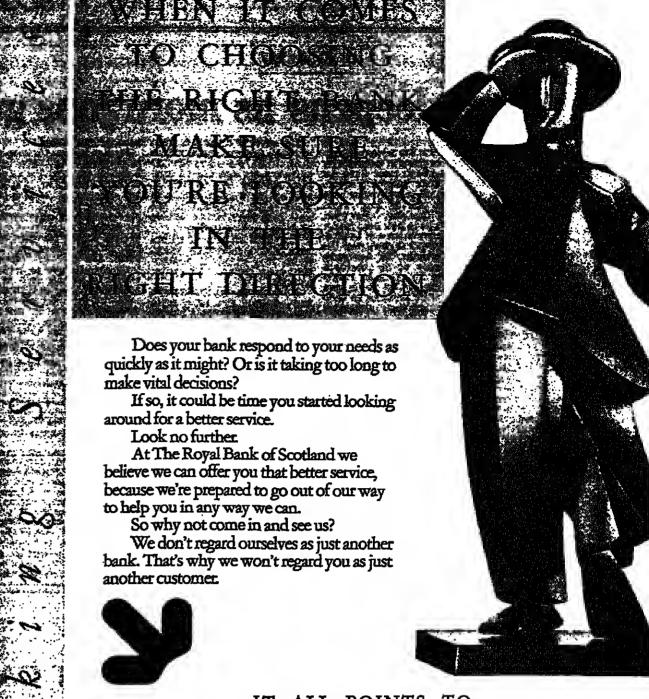
Britain for research into artifi-cial intelligence and its institu-tions participate in European-wide development projects.

Defence electronics too is a key sector. The highly success-ful Scottish division of Ferranti is, for example, a founding member of the Scot-tish electronics industry. The bulk of the work at its factories bulk of the work at its factories in Edinburgh is for the military with research and development work on areas like inertial navigation systems for aircraft Burr Brown in Glasgow specialises in optical systems again for the military market.

The slump, however, still haunts integrated circuits production in Scotland. General Instrument closed its operations in Gleorothes, Digital has put on hold a new factory development in South Queensferry and National Semiconductor has put off a big development programme for its plant in Greenock.

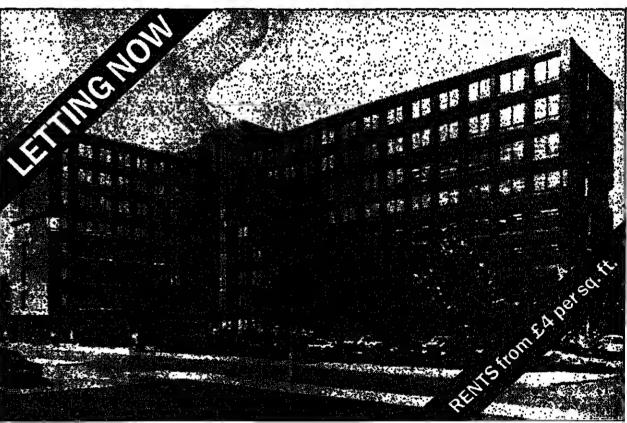
Yet even with these few specific problems, electronics rereains one of Scotland's success stories, and one of its brightest hopes, as Compaq's decision exemplifies.

Mark Meredith



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Oil industry

The gloom deepens as more jobs go

affected.

Life inside the major oil companies has changed surprisingly little. Altough most have cut sharply their projected expenditures, until recently they have made no cuts to their working forces in Scotland. However, some cuts have now been macking about 450 workers over the next 18 months, BP has redering about 450 workers over the next 18 months, BP has redering about 450 workers over the next 18 months, BP has redering about 450 workers over the next 18 months, BP has redering highly some of its Aberdeen employees to London, while many of the big US glants have reduced their presence in Scotland, sending their employees home.

The effect of the cuts is made worke by the fact that they were not foreseen. Indeed, as recently about 50 for a great expansion of North Sea developments, and now finds itself with a serious problem of overcapacity.

The worst hit area of all has seen in the fabrication yards, which were already in oversupply even before the latest squeeze.

While the flow of gas projects have found themselves seriously short of funds, have had to take more drastic steps. Britoil has cut its staff by about 30 per cent, laying off more than 1,000 workers throughout its organisation, while some of the smaller and weaker companies have reduced their size by half or more.

However, the main sufferers have been the form of the smaller and weaker companies have reduced their size by half or more.

However, the main sufferers have been the major of the smaller and weaker companies have reduced their size by the fact that they were the fill of the off a great expansion; the fill of the cuts is made to of the strongled in other provise of the canning the business, too, and the strength bus THE collapse in the oil price has rudely pushed the Scottish oil industry into the worst recession it has ever known. The industry, which less than two years ago was all prosperity and promise, is now inflicting redundancies on its employees and losses on its investors.

Already, about 10,000 workers in Scotland have lost their jobs as a result of the fall in the price of oil, and the pace of losses has quickened recently, with the announcement last month of 1,600 redundancies at the Clydeside offshore fabrica-

the Clydeside offshore into yards.

Things will get a good deal worse before they get any better, say even the most cautious forecasters. On fairly optimistic assumptions about cut its staff by about 30 per cent, laying off more than 1,000 workers throughout its organics.

oll prices and future investment in the North Sea, the Royal Bank of Scotland estimates that a total of 22,000 to 33,000 jobs may be lost over the next two years, of which up to 18,000 will be in the industry itself, and the rest in related areas which rely on the heavy purses of the ollmen.

Distress has not fallen evenly on the industry. Unless oil prices fall well down into single figures, all the producing fields will go on as before. This means that the bulk of the 90,000 people employed by the industry—most of whom are directly or indirectly involved in production—will be little

Another popular symbol for the industry's sickliness is the line of rigs stacked off the coAt of Scotland. About 50 per cent of North Sea rigs are without work, and those which are occupied are on rates that do not nearly cover operating costs.

However, the plight of the unemployed vessels does not directly effect Scotland as most belong to US firms, and almost

It may well be that even at present oil prices, developments will be taken progressively off the shelf as the teams of researchers, most of whom are still hard at work, come up with drastic solutions which greatly reduce the costs of finding and producing oil in the North Sea.



Britoil's Thistle A rig in the North Sea

getting increasingly uncomfortable about the growing toll of redundancies, it insists that its redundancies, it insists that its room for manoeuvre is alim. In order to boost spending, the industry has argued that e whole package of further measures is needed, including the rate of petroleum revenue tax, and allowing development costs to be offset against the tax.

While the Autumn statement contained an adjustment to oil

drastie solutions which greatly reduce the costs of finding and producing oil in the North Sea.

The industry is hoping that the Government will do something to make life a little easier.

While the Autumn statement contained an adjustment to oil tax—allowing part of the advance petroleum revenue tax to be repaid early—the move was minor, and no one is foretasting to make life a little easier.

While the Autumn statement to oil tax—allowing part of the advance petroleum revenue tax to be repaid early—the move was minor, and no one is foretasting any nise in activity as e

desperately to get the message across that all is not as bad as the gloomsters say. Mr Alick Buchman-Smith, Energy Mini-ster, never tires of reminding everyone that the North Sea generates £6m expenditure every day, most of which is spent in Scotland.

But in the end, whether the gloomsters have got it right depends on one thing to which neither they, nor the Government, nor the oil companies themselves know the answer to the future course of oil prices.

The Highlands

Farm revenues in decline

But the most striking sights are the towering drilling rigs anchored along the Firth, their anchored along the Firth, their lights blazing. On a recent day, there were a dozen of them, only a few of which were awaiting repair. The rest were simply out of work—dramatic evidence of the slump in the oll price and its effects on Scotland.

Scotland.
In spite of the Cromarty
Firth and of course, the Shet-land Islands, the economy of
the Highlands and Islands is not nearly as dependent on the oil industry as Aberdeen and the Grampian region. But in one cense, the Highlands are more vulnerable, because they are mainly involved in offshore the righting for the development. Lucy Kellaway

Lucy Kellaway

Lucy Kellaway

Lucy Kellaway

Already one of the three fabrication yards in the High-lands and Islands—the Howard Doris facility at Loch Kishorn on the West Coast—is in receivership. The others—McDermotts et Ardersler, and Hi-Fab at Nigg—have surplus capacity and have slimmed down their workforces. It is common knowledge that the common knowledge that the industry has too many big

yards.

As if that were not bad enough, one of the area's traditional industries, farming, is seriously affected by the national decline in farm revenues. "This is an area of mostly marginal farms," said Mr Bob Cowan, chairman of the Highlands and Islands Development Board. "So farmers have less leeway than in the South. Retrenchment here is not just a matter of selling the BMW."

If farmers in East Anglia

in future mainly of small to medium sized projects. The HIDB does, however, want to see more industries using operations could be seriously at risk, he added.

That, then, is the bad news. Yet Mr. Cowan and his officials at the HIDB still believe that the medium term outlook for this wild and underpopulated area of Britain is recompleted.

at the HIDB still believe that the medium term outlook for this wild and underpopulated area of Britain is reasonably promising. The Board, which has a budget of £26m a year, assists and promotes economic and social development over an area that makes up half of Scotland, but has only \$40,000 people.

and Islands is rising again after people full time.

By last year, the High and people full time.

By last year, the High and people full time. in the 1960s, when it dropped below 300,000. One reason may be that with fewer employment opportunities in the rest of Gritain, there is less cause to

leave.
But Mr Ian MacAskill, secre-ary of the board, who himself said that he found much more self-confidence among young people in the area than was the case in the 1960s. Unemployment, which was three to five times the national average in tha 1960s, was now 16.1 per cent, just above the Scottish average of 15.6—though that hardly reflected well on the rost

What has caused this increased self-confidence? The oil industry has not just brought new activity and new people to the area: It has meant the acceleration of infrastructure projects which have made the Highlands less remote. The A9 road from Perth to Inverness is an area of individuals where plece of engineering, which brings Edinburgh and Glasgow The direction has to come from within three hours of the High.

But though roads and ferry

THE NORTH shore of the Cromarty Firth is the nearest thing to an industrial zone that the Highlands of Scotland have to offer. For several compared with the rest of miles, there is a succession of factories and offshore supply bases, and in the grey, windswept distance you see the big offshore fabrication yard of Highland Fabricators at Nigg Bay.

there was a grave danger of the area falling behind as new aervices are introduced.

With a growing national trend in Britzin for businessmen, especially in high technology fields, to establish themselves in rural areas far from the main market and convenients, the markets and conurbations, the Highlands, with their improved communications, are set to benefit—though it is not everyone who prefers the rain and the wind of the Highlands and Islands to the softer climate of the South East of England.

The board points as an example to Gaeltec, e company which produces electronic measuring systems for medical use on the Isle of Skye, employing and ing a few dozen people, and whose location has much to do

whose location has much to do with the fact that its executives love mountaineering.

The board accepts that it is not likely to win many of the mobile investment projects which are being competed for not only by the Scottish Development Agency but development authorities all over Europe. Nor should the emphasis on high technology distract from the fact that there is e fair number of little en-

The fastest-growing business is now salmon farming

gineering companies dotted around the area, mainly on the eastern side. The Board has accepted in

The Board has accepted in the last few years that indus-trial development will consist in future mainly of small to medium sized projects. The HIDB does, however, want to see more industries using one of the area's main

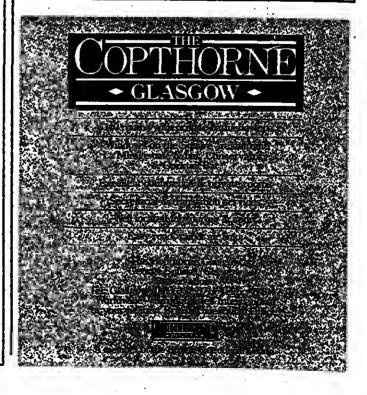
ing, matching private sector sums have increased sub-stantially this year.

But the salmon farming industry has probably reached a crossroads. The much larger Norwegian industry effectively summer prices fell sharply by about 30 per cent, causing acute alarm to some of the smaller and less provident concerns.

Since then, prices have recovered somewhat, but both the industry and the HIDB realise that the hectic expansion cannot continue. The emphasis now is on improving the marketthis ing of the salmon
The The salmon farming industry

gives a strong impression of lacking the single central organisation which has made its Norwegian equivalent so successful. But, as Mr successful. But, as Mr MacAskill of the HIDB says of the highlands in general: "This is an area of individuals where

James Buxton



HOW SMASH GOT CASH





More and more earthlings are discovering The City doesn't stop at Ludgate Circus. Even when it comes to raising money. The more intelligent and entrepeneurial among them have found that the further The City gets from London's congestion the

Take the timber industry executives involved in the Mallinson-Denny buy-out, in September 1985, At £90 million this represented the second biggest management buy-out in British mercantile history. Yet where did they come to put it together? The legal,

financial and tax advice? The borrowings? The equity? To-The City in Scotland. Take the recent £97 million buy-out from Cadbury Schweppes of such well-known brands as Chivers, Hartley, Typhoo,

Marvel and Smash. Why is the new company, Premier Brands, registered in Scotland? It, too, was put together up here. Through the initiative of Scottish lawyers working with Scottish and American banks.

The mechanics differed in no way from deals conducted in London. It was the personalities involved that both groups of managers found so refreshing.

They liked the familial atmosphere of the Scottish financial scene. The independence and mutual co-operation offered by its institutions. The imagination shown by the principals, with whom they were invariably dealing. And the speed and efficiency with which decisions were taken and carried out.

Nothing of which has changed since deregulation. If you'd like to know more talk to the man who speaks for The City in Scotland. Earthling to earthling.

Jack Shaw, Executive Director of Scottish Financial Enterprise, PO Box 183, 91 George Street, Edinburgh EH2 3ES. Tel: 031-225 6990.

-THE CITY IN SCOTLAND-

Smile/New York

Michael Coveney

Howard Ashman musical Smile at Lunt-Fontanne, New York,

shows signs of overcoming a

disastrous press reception the other week. Frank Rich of the New York Times opined it was

unluckily deficient in a few key

areas — music, lyrics, and book. But Smile turns out not half ae

bad ae it's been cracked down to be. In fact, I enjoyed it o

great deal, and so will audiences

Times drama critic.

ess sophisticated than the

Not that Smile is a weak grin;

more a satirical rictus prompted by one of the great mythical rituals of middle American life,

the Young American Miss (YAMS) regional contests that are "not a meat show but a celebrity of the youth of America." The show, a close

hlood relation of Hamliech's biggest hit to date, A Chorus Line, builds to select a winner of the Californian state finals

over a weekend at Santa Rosa Junior Collega

The organiser, Brenda DiCarlo Freelander (Marsha

Woterbury) was an also ran 18 years ogo and is hoping to furthor her career on the oational committee; the pageant

choreographer Tommy French (Michael O'Gorman) is a dilapi-

The new Marvin Hamlisch and hilarlous MC with a hair-

piece and dud warm-up routine

(Dick Patterson). But Ashman's

libretto - he bas also writter

the lyrics and directed the abow—while eleverly upturning all expectations is hadly orticu-

lated here, and the concluding

minutes reveal all the signs of

panic and hesitation that have beset the musical in the latter

period of its five year prepara-

hand, is his hest for some years, certainly since They're Playing

Our Song, with ite pulsating overture end acidly melodie titia number to the complex

narrative pleasures of "Nerves"

and the act one bed-time finale "Until Tomorrow Night" in which a stage full of lovelies in a variegated riot of pink night-

wear evoke musical lullahy antecedents in Annia Get Your Gun and 42nd Street.

There is much fun, too, in the preliminary talent contest

with such acts as a ventrilo-quist's dummy who bardly movee his lips and a hot shot Mexican musical cooking spot (rbyming "gazpocho" with "macho") hy the girl who is victimised by a

A nude rear view is slipped

into the anodyne slide show, hut the pornography arguments might have been elaborated in

less talented rival.

Hamlisch's score, on the other

By December 16 is

services are now and the islands and the islands and the islands and the islands of the west of the still at a serious distriction. While a receipt in inveness of the islands are a falling behind a receipt there was a grave day. The islands in Britain for should a with a growing model in Britain for should be specially in high left. In rural areas farings in rural areas farings. Highlands, with their in rural areas farings, with the islands of the Britain some communications in the wind of the Britain should be should be should be should be south fast of the south the wind of the Britain the south fast of Indian.

The board points are receipted to Gastley.

The board point a sample to Gaelies are which produces are measuring systems for the sample to Gaelies are measuring systems for ing a few dozen people whose location has more more than the fact that measure of the sample to be some and tikely to win are mobile investment are compared to only by the Sound lopment Ageory to a server of the sample of t

business is am salmon farmer

ezstern side. Meanwirde, probable factost growing business

Since the late 1975; By last year, the BE

about 30 per cent cons cierm to some of the s and less provident come the industry and the realise that the herie CONTROL CONTINUE. The Se

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Constitution of the consti

It was satisfying to discover on Sunday afternoon that the reports about Miss Jose Pires hove been quite right: she is not only a greatly begulling planist, but a superb artist. She draws a distinctive mother-of-pearl sound from the instrument and tone with a decep-tively soft sheen and clarity, but it doesn't compromise her

David Murray trast between the gains of the first and second Minnets. Of Mozart she played the

Maria Joao Pires/QEH

D minor Fantasia K. 397—dramatically sharpened contrast between slow, searching introductory music and almost defaulty bright float section—and the B-flat Sonata K. 333. The outer movements of the Sonata glasmed with fresh imagination; the Andante cantable was the only movement in the entire programme that didn't engage my sympathy, for it was so prettily and continuously busy (in its gentle way) that its shape seemed Miss Joso Pires concluded

with an extraordinarily rich and gripping account of Schu-bert's last sonata, the great Bflat. It would take a long time to catalogua all her illuminatpianist of the first order. No attempt et barpsichord imitations, but no Chopinesque curves either, and she was brilliantly aparing with the pedal (none at all for fattening final chords, a sign of high virtue). Marvellously balanced bands, and "volces," mado the music, with diamond-cut ornaments and a tingling pulse. The Allemande and Corrente were cours de forcs, without fiashiness. She gave noble expression to the Sarabande, atrong hur not romantically opulent, and contrived an inspired consolinguy.

Vocem/The Place

Andrew Clements

inearre. The dramatic trap-pings implicit in a work like Berio's A-Ronne can be trans-lated into visual terms, which is precisely what Vocem has managed to do in its own presentation of the five-voice version of the piece, Dramatis-ing existing music is hardly sufficient in itself though, and the group has sought to interest young composers to write for its peculiar capabilities, while Belk has added works of his

Vocem's most ambitious project to date played for three performances last week at The Palace theatro. Devised by Pater Palace theatro, Devised by Feter Vincent, scriptwriter for The Two Ronnies and myriad other TV comedy series, and with music supplied by Alsn Belk, The Sound of Purple moves Vocem's sphere of operations into a much wider and popu-

Among the clutch of British larly accessible area of theatre, groups working extensively in Although many of the vocal the area of extended vocal techniques that permeate Belk's Among the clutch of British groups working extensively in the area of extensively in the area of extended vocal techniques it has been Vocem, accres are recognisably those of under the imaginative leadership of Alan Belk, which has moved furthest towards fusing its repertory with music theatre. The dramatic trappings implicit in a work like threaded with a sequence of Egric's Albonna can be frame context that provide executions. songs that parody everything from medieval troubadours to Sondheim and Lloyd Webber. It all makes a throughly en-

It all makes a throughly en-tertaining, erisply accomplished 70 minutes, which steem care-fully around any hint of real emotion; for every touch of pro-fundity there is invariably a precisely aimed send np follow-ing smartly along behind, and most of the jokes, I suspect, would not surviva a second per-formance. formance.

talents of Vocem, The Sound of Purple extends the group's range quita painlessly; but there is a good deal more meat in their Berio staging (given in the first half of The Place pro-gramme) than in the self-con-sciously clever lyrics of the

Kool & the Gang/Wembley Arena

Antony Thorncroft

Kool and the Gang have been around for longer than most of the world's population. They have had their ups and downs during their 22 years on the road but they are currently enjoying a high, not least because they have a new young singer, James L. Taylor, fronting the nine-strong combo.

He has adapted to the role of greaser as to the manner born, asking if "everyone was ALL right" and assuring us that "It was a night for lovers." He also asked us to kise our neighbour which thankfully produced

When they are not high kicking they are rolling somersaults, when not doing hand stands they are twirling. And all the time the brass section keeps blowing, the keyboards direct the rhythms, and the lead good un. Kool (a discrete bass player) and the Gang bave had more hits than Frank Bruno and if they all tend to merge into a long seamless strip it is bour which thankfully produced.

It might not have much heart Kool and the Gang have been also asked us to kise our neigh-bour which thankfully produced a great deal of British phiegm. In fact bo talked too much. Eventually he stopped tell-ing us what a great time we were going to have and let the boys get on with it—and they certainly do that. Wearing more silver lame than the cast of Coge cux Folles this

of Coge aux Folles this and soul boys, jazzmen and buogiers, have a set of routines which would leave the Tiller Girls broathless.

When they are not high kick-

one that would get a December bedgehog going.

It might not have much heart but it is full of soul and with the lights flashing out their name, the boys slipping into diverting funny walk routines wearing giant fedora, and Wembley Arena momentarily transformed into Roxy Ballroom on a big Saturday night it is impossible not to admire the dedication, professionalism, and sheer cheek of it all. This is they wembley Arena momentarily transformed into Roxy Ballroom cast on a big Saturday night it is impossible not to admire the impossible not to admire the dedication, professionalism, and sheer cheek of it all. This is of music as spectacle, a full frontal assault on most of the emotions, And it works.

1829.

It tells the story of the eponymous Susan, abandoned by ber sailor husband to the wicked wiles of ber uncle and the lust of assorted gentlemen; of William's return from the sea; of how he stabs bis captain in the act of compromising Susan's

Manchester City Art Gallery/William Packer

Beyond the critical pale

Sir Alfred Munnings died in 1959 secure in his position as painter of equestrian and equine portraits to the landed gentry and the most reactionary and anti-modern of artists in his generotion. He did a lot of foolish harm in his time, not as president at the Royal Academy dinner in 1949, which railled the ignorant and philistine against Picasso and hie fellows and took the academy itself rather more than 20 years to live down.

But the oddest harm he did was to himself, for though bia work has remained much in demand in all this time—often spectacularly so at auction eince his death—by what he said and the public position he adopted he put himself quite heyond the critical pale. There he has stayed ever since, his work invisible to prejudiced eyes, non-art as it were by a non-artist. A fair reappraisal is long overdue, and the concise but substantial retrospective exhibition now in the Athenaeum Gallery of the Manchester City Art Gallery (until January 25) is especially welcome. spectacularly so at auction eince

His friends unwittingly have not been kind to him, for the Munnings who lives on in the public mind, no matter whether for or against him, is the society horse painter he was for his last 40 years as the commissions came rolling in. But he was a horse painter from the start, and the sporting and country worlds of hunt, horse fair, race-course and gypsy camp supplied course and gypsy camp supplied his chosen material in all those early years when he was entirely free to choose. His life'e work, for all its shifts of life'e work, for all his shifts of emphasis, apparent preoccupation and ister predictability, remains clearly the work of a single sensibility, to be considered all of a piece. But this exhibition concentrates upon the work of the younger man; and it is not to suggest that the later work is without its the later work is without its merit to say that this is where ment to say that this is where its importance lies. That we should come upon it with such a sense of real discovery, to find an artist of authority and astonishingly precocious authority, speaks only of our expectations. expectations.

expectations.

Munnings was born in 1878
at Mendham Mill on the
Waveney in Suffolk, son of the
miller. His first training was
as an apprentice commercial
artist in Norwich, where he
enjoyed some early success
with advertising illustration for
Colman's Mustard and Caley'a
Chocolato, the local firms. But Chocolato, the local firms. But commercial art was only an expedient. He continued meanwhile to study painting and drawing part-time at the Norwich School of Art and in 1903 went over for a short time to the Atelier Inlian in Paris,

the fun, the entarprising Croy-don Warehouse has gone back to the theatre library stacks and dusted down for its Christmas

offering a genre much riddculed but little seen a century or more after its beyday. Black Ey'd Susan is a rollicking nautical melodrama written by one-time midehipman Douglas

Jerrold and first produced in



Detail from "Gypsy Life" by Sir Alfred Munnings

and there followed over the next 15 or 20 years a prodigious ootfow of canvases that were quite as remarkable for their scale, energy and ambitioo as for any manifest facility.

Even then there wes something singular about Munnings, not so much in the sense that any true artist must be in essence his own man but rather

essence his own man, but rather in the quality of his innocence and provinciality. For the peradox we foce with the young Munnings is that he stands at once apart and yet in the centre of the stage of the British Art World over the two decades before 1920. And it is the nicest of ironles that there was nothing uncontemporary in the esrly work of the man who was to grow into the very cynosure of resction.

What else did be look at but

the model during his brief stay in Paris? Was it the impres-sionists of Cezanne, or the young rose and blue Picasso perhaps, or Matisse and the fauves, or of locipient expressionism? And when he got back, was it consciously that he looked to Guthrie, Melville, Clausen and the Glasgow Boys to see what he could take, or to Stanhope Forbes, Laura Knight and the Newlyn School, for he spent a lot of time in Cornwall in those years? And what about Wilson Steer, Augustus Joho, Matthew Smith and the New English Art Club. Tames Prode and the Research

and the production is peppered

with songs from the 18th and

19th centuries, some of which post date the play but serve all the same to evoke the peculiar mixture of sentimeotality and

beroics that was such an indis-pensible part of tha Victorian

As o piece of archaeology, the production, with Warehouse artistic director Ted Craig at the belm, is interesting—not least because of what it says about a contemporary odult audiance's response to conven-

by which time he was already so plangent o chord with the ahle to live by what he could British ortists who came in constant of 1930 and the ineffably sell. From the moment of his refurn he was out on his own, and there followed over the compall. By the 1900s it was an and large horse fair compositions of the 1900s. influence on British art well set in a second generation. An exhihitlen that examined Munnings in the proper context of his early contemporaries is now an obvious necessity, for his work is shot through with their achoes, resonances and reflec-

> But for his part such influences, clear as they are, may just as well have been picked up hy his quick and facile intuition, entirely responsive and unintellectual. This would and unintellectual. This would not involidate in any way bis prectical achievement, but it woold go some way towards explaining his later puzzled hostility. To have been a part of something one never even realised, let alone understood, and then could never acknowledge is a neguliar personal. and then could never acknowledge, is a peculiar personal
> tragedy. It is only right that
> in a small concurrent display
> in the main gallery, Munnings
> v the Moderns, which sets his
> sad distribe and satire work
> of Picasso, Matisse, Moore,
> Sutherland, Vaughan, Hepworth et alia, tha organisers
> should demonstrate how wrong
> the old man was.

should demonstrate how wrong the old man was.

It is left to his work to win us over. "Does the Subject matter?" was his rhetorical question at the expense of modern art. The answer is; yes, of course, but only in so far as it is the vehicle of good painting and authentic experience. And in paintings from every period in hie career he passes the test splendidly, quite as much in such superbly

our appreciation of melodrama

is inevitably tainted by the subsequent hurlesques. What is

fonniest is tha thought thet any of it could ever have been taken

The cast of five, doubling to

furnish a dramotis personae of 13, enters into the occasion with

a aense of fun thet is picked up by an audienca seated around

beer barrels. Simon Sloter does sterling work with the difficult part of William—a man whose penchant for cod-noutleal meta-

phore must not be allowed to

But for all the surprise and pleasure afforded by the amaller works, early and late, the studies and the landscapes, the studies and the landscapes, the larger ambitious compositions of his early maturity command the show. The Tate's City and Suburban Day on Epsom Downs of 1919 ie a delight, alive as much with pleasure in the handling of paint as with its gypsy subject, and the related Gypsy Life of 1920 from Aberdeen is quite its equal. Both are in public collections and both should now remain as both should now remain as much as possible in public view. But from Sydney comes The Coming Storm, which is rather further to go, and the chance to see this extraordinary work should not be missed. Munnings worked on it on and off for 15 years from 1910. Its subject is a large herd of loose horses being brought to the fair, caught in a chaft of light against the blackest of skies; It is painted with a sweep and freedom, and a spontanelty of painterly invention that take the breath away. It also gives the game away, for by its romantic expressionism — so rich in surface and frea in statement—that is entirely of its place and time it shows us that Mornings too was in his

way a modern artist. This exhibition, sponsored by Manchester City Council, the Royal Bank of Scotland and the Arts Gouncil, does not come to London but moves on to York and Bath in the New Year.

there is no sense of outward

weakness to offset the inner

and matchstick settle more evo-cative of a trip down to Allied Furnishing than of the intended

seaboard existence. Neverthe-less, this is a bold and imagina-tive addition to the Christmas

(Michael O'Gorman) is a dilapidated dance captain alive to the mawkishness of turning a few high school kids into Vegas show girls; and a central doet develops between the bome town girl from Antelope Valloy who leorns how to win (Anne Marie Bobby) and the glamourstruck ambitious blonde from Yuba City (Jodi Benson). Ashman, who wrote Little Shop of Horrors, is a smart and cutting writer and is best bere when revelling in the tackiness of the beauty contest whose a more serious manner than the interloping prankishness of the organiser's son. And her marriage, nuder threat by a questioning apouse, remains another grey area. But this is a good subject for an American musical ond the splendid designs of Douglas W. Schmidt and costumes of William Ivey Long brillantly conjure the visual paradigm of a competitive nation on the make, that brazen mixture of career greed and flip social guilt encapsulated in the statement of a contestant who wants of the beauty contest whose values "made America what it is today." The climax is superbly managed on a revolve. back stage machinations counto be a model and work with the mentally retarded. terpointed with onstage teneion supervised by a grotesquely



Scene from "Smile"

London Symphony/Festival Hall

Andrew Clements

Krystian Zimerman's Brahms tutti, giving the finale's opening continnes to develop and theme a delicioue lilt, plunging deepen. Performances of the two piano concertos in previoue seasons have invariantly contained with an orchestra prepared. of the wronged husband. But there are problems with Rita Wolf's Susan whose angry tears and flashing eyes throw the balance of wronged innocence: contained marvellous conceived things but lacked a consistent control of structure. In the D minor Concerto on Sunday afternoon, however, the enviable ranga of colour and that some of the ideas have not been thoroughly thought through—not least in Michoel Pavelka's set of louvred doors sonority was matched by o rigour that survived all the obstacles that the London Sym-phony Orchestra in its most lackadoisical temper could place in its way.

The "thoughtful grace" of Zimerman's Liszt concerto last week—as David Murray wrote The detail -emerged most potently in the opening of the Brahms slow movement: rapt, becutifully voiced playing, which grew naturally in Intensity without ever losing its lyrical charm. That side of his art we know well; less familiar were the treath and clarity with which

With an orchestra prepared to commit Itself to the cause it would bave become an achievement of a very high order. But all Gary Bertini's promptings could not tighten the LSO's ensemble (violing and cellos were almost a semiquaver adrift in the very first phrase of the concerto), restore agree-ment over intonetion, nor give a sheen to string tone that never sounded the product of a top-

The details that did emerge suggested Bertini's accompaniments could have been a considerable enhancement but too often they foundered on a blunted response from his players, which aimitarly wrecked the chance of anything other than a routinely noisy account of Chaikovsky's Fifth Symphony after the interval. One felt very strength ond clarity with which the first movement was attacked, taking the music in charge after a ragged opening deserved a good deal better.

Arts Guide

Blusic/Monday. Opera and Ballet/Tuesday. Theatre/ Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

seriously.

Black Ey'd Susan/Croydon Warehouse

Claire Armitstead

Lest children should have all virtue, is court-martialled and tions it knows but does not demean his sentimental defence

sentenced to bang. Jerrold bor- share. We understand ebout

rowed bis subject from John bissing and cheering and will

Gay's ballad of the same name, do so more or less on cue, but

December 12-18

strength.

Opera and Ballet

WEST GERMANY

Berlin, Deutsche Open Der Barbier von Sevilla has fine interpretations by Catherine Gayer, Kaja Borris, Bildiger Wohlers and Manfred Röhrl. Der Troubschour, sung in Ital-ian is a Herbert von Karajan pro-duction. Hänsel und Gretal brings

Karan Armstrong, Barbara Scherler and Gudrun Sieber together

(34 351).

Ramberg, Staatsoper: Hänsel und
Gretel features Hildegard Hartwig,
Lisbeth Bulslev and Yoko Kawahara. Turandot stars Eva Marion, Rachel Joselson, Harald Stamm and
Giorgio Lamberti. Associate Ravialia.

Western Start Ravialia Vandels Lamba Ravialia. with Awilda Verdejo, Lando Bartoli-ni and Piero Cappuccilli. (35 11 51). Frankfurt, Opera: Der Zigennerbaron

HAPSBURG

MALT

WHISKY.

ruled in Austria.

choice in Vienna.

Scotland's first malt whisky.

The Glenlivet dynasty

can be traced back to 1747

when the Hapsburg kings

Today, Scotland's first

malt whisky is also first

is conducted by Volkmar Olbrich.
Orpheus in der Unterweit has Nikos
Athināos and Sharon Markovich in
the main parts. Siegfried is led by
William Cochran, Catarina Ligendza, Cornelia Berger (25 621).
lolegne, Opera: Die Zanberflöte, with
Hassel und Gretel is a well done
repertuire performance. (29 751). repertoire performance. (20 751). autigart. Wirttembergisches Staats-theater: The new Alceste has Dunja theater: The new Alceste has Dunya Vejmorio (instead of Jessye Nor-man), Jon Gerrison, Michael Eb-becke, Uwe Hellmann and Tero Hannula, Jenula, Grace Hoffman, Eva Randova, Gebriele Benackova-Cap and Manfred Jung. (2 03 21). THE FIRST

Romeo and Juliette performed by the Ballet de Tours with Jean Chris-tophe Maillot. Theatre de la Ville (4887 5442).

Royal Opera, Covent Garden: Samson, a Hindel tratorio produced by Eli-jah Moshinsky for the Händel cen-tenary celebrations, returns with a property style-conscious Händel conductor, Roger Norrington, and a good cast - Robert Tear in the title good cast - robert Tear in the tipe role, Carol Vaness, Donald McIntyre, Gywnne Howell. Last performances of the limpingly dull Zusberflöte revival, with Peter Schneider the dry conductor and an ill-assorted cast, in which only Karita Mattila's Pata 1869.

pression. (240 1086).
Rnglish National Opera, Coliscum:
The new Carmen, set in a modern
rubbish-dump environment, offers a mostly rubrishy as well as o deadly

dall view of the work. Also in reper-tory: the bright and quite gripping updated productions of Cav and Pag, with Jane Eaglen particularly effective in the Mascagni opera; and the ENN's perennial Fledermans, led this time by two of the compa-ny's most delightful sopranos, Valer-lo Masterson (Rosalinde) and Lilli-an Watton (Adela). (836 3161). an Watson (Adele). (836 3161).

ITALY

Milan: Teatro alla Scala: Nabacco, chosen by conducter Riccardo Muti to open his first season as musical director. It is the opera with which the scala re-opened in 1946, after se-vere bombing. In the cast are Ghena Dimitrova, Raquel Pierotti, Bruno Beccaria, Pasta Burchuladze and Giorgio Zenoenaro. The Magic Flute conducted by Adam Fischer and di-rected by John Cox with scenery and costumes by David Hockney.

Bome: Teatro dell'Opera: A group of ballets by Roland Petit under the ti-tle Ma Paviova to Chopin, Bach and tie Ma Paviova to Chopin, Bach and Saint-Saens danced by the Teatro dell'Opero company with Domi-nique Khalitomi, Denys Ganio, Jean-Pierre Aviote and Jean-Charles Verchere, conducted by Al-berto Ventura. Also, o slightly lack-huite performance of Donizeth's Don Pasquale, conducted by Spiros Argiris with Jenny Drivala, Mario Bertolino, Piero Guarnera and Luigi Patroni. (48 17 55).

Petroni. (45 17 55). alogna: Teatro Comunale: La Traviata, with the young Italian soprane, Framma Less d'Amico as Violetta (alternating with Jenny Drivala) and the American tenor, Nell Wilson as Ali valo. Richard Chailly conducts (, 17 999).

NEW YORK

Metropolitan Opera (Opera House): The week features the first seasonal performance of La Bohème conduct-ed by Julius Rudei in Franco Zeffired by Julius Rude! In Franco Zeffir-eill's production with Leona Mitch-eill, Barbara Daniels and Brian Schemayder. It joins the repertoire of Fidello conducted by Klaus Tenn-stedt in Otto Schemk's production with Hildegard Behrens and Robert Schunk; Die Fledermaus conducted by Jeffray Tate with Kiri Te Kana-wa, Tatisma Troyanos and Otto Schenk in Otto Schemk's production: and I Puritani conducted by Richard Bonyage in Sandro Sequi's produc-tion with Joan Sutherland, Sherrill Mines and Samuel Ramey. Lincoln Center (362 6000). Center (382 6000).

Washington Opera (Terrace) The sec-ond part of the company's season at the Terrace Theatre features Don De Terrace Theatre features Don Pasquale in a new production by Douglas Wager conducted by Call Stewart Kellogg with Francois Loup in the title role, Pamela South as Northia and Gran Wilson as Ernesto. The 1982 English language production of The Abduction from the Seragilo returns conducted by Arnold Determs with Lour Course as Con-Ostman with Joyce Guyer as Con-stanze, David Kuebler as Belmonte and Kenneth Cox as Osmin. Kennedy Center (254 9895).

Lyric Opera: Lotfi Mansouri's 1961 production of The Merry Widow makes its holiday resppearance conducted by Baldo Podic with Maris Ewing in the title role, Alan Titus

as Prince Danilo and Jerry Hadley as Camille de Rossiliony. The week includes Janacek's Katya Kabanova sung in English featuring Ellen Shade in the title role with her lover Some in the true role with her lover Boris played by Dennis Bailey and oppressive uncle Dikoy by William Wildermann, conducted by Bruno Bartoletti in Virginio Puecher's pro-duction. (332 2244).

NETHERLANDS

indhoven, Schonwburg, Ravel's L'Heure Espagnole and De Falla's Retablo de Maese Padro in o double bill from the Netherlands Opera. The Netherlands Philharmonic con-The Netherlands Philharmonic conducted by Kenneth Montgomery, with soloists Anne Howells, Hein Meins, Laurence Dale and Jean-Philippe Lafont (Tue). (11 11 22). The Pilobeins Dance Theatre in tour from America: Mon in Enschede, Schouwburg (32 22 33), Wed in Den Bouch, Casino (125 125) Thur in Rotterdam, Zuidplein Theatre (451 55 44).

Strateoper: Werther conducted by De-vis with Baltsa, Carreras, Lind, Welkl; Manon Lescent conducted by Segerstam with Freni, Hintermeier, Weikl; Don Giovanni conducted by Hager with Gruberova, Alexander, Schuman, Prey: Der Rosenkavalier. Schuman, Prey: Der Rosenkavalier, conducted by Wallberg, with Jones, Schmidt, Wise; Die Verkaufte Brant conducted by Kont with Jahn, Bohman Stania (51 444/28 55).
Volksoper: Fra Diavolo; Die Fleder-mans; Hänsel und Gretel; Der Wildschütz; Der Mantel and Gianni

Schiechi (51 444/26 55).

Saleroom/Antony Thorncroft

Japanese actors sought This is Japanese week in A set of the same regime London and Christie's kicked off the halt went for £6,539 in

This is Japanese week in London and Christie's kicked off with an auction which totalled £186,252 in its morning session, was the £5,386 paid for a With just 9 per cent unsold. An American private huyer headed the bidding, paying £24,200 for a print hy Kunisada of the actor Once Matsusuko II as a carpenter in a play performed in 1813.

A set of tha same regiment at the halt went for £6,539 in Now York. Another impressivo price as the £5,386 paid for a Huhley cast-iron 1927 Pockard sedan, 11 inches long.

Furniture was much in demand in New York over the weekend. Christie's established ter in a play performed in 1813. £186,252 in its morning session, with just 9 per cent unsold. An American private huyer headed the bidding, paying £24,200 for a print by Kunisada of the actor Once Matsusuko II as a carpenter in a play performed in £813. He also bought a print of Nakamura Matsue III as o courtesan in a play dated to £14,500. Both prices were way abova estimate.

The famous Hipschica print

The famous Hiroshige print known as "The sudden shower at Atake" doubled its estimate at £8,800 and a six leaf screen of the Edo period also did well at £8.250. Phillips was pleased with

Itself after its toy sale in Now York at the weekend. It has always dominated the market for toy soldlers and established another new record when a set of the Army Service supply column, of the Boor War period, made by Britain, soid to an American collector for £8,462.

Tha previous best was the six mate £7,200 it realised in April for £76,125. The Britain's set of the Royal James W. Horse Artillery at the gallop. In Kent.

an auction record for a 20th century chair when a high bocked oak chair with a leather aeat sold for £136,500, three times Its estimate. Its appeal was its designer, the famous American architect, Frank

The chair was bought by Mr
Thomas Monaghan who runs a
leading pizza chain with a HQ in Frank Lloyd Wright Drive, Ann Arhor, Michigan. He is an avid collector of anything which links the two.

Sotheby's sold English furni-ture for £2m, with 16 per cent bought in. A George III satinwood and partridgewood library breakfront secretary bookcase doublod its ostimate at £79.931 and a set of 12 Georgo III shiold back armchairs, together with six matching copies, went for £76,125. They were designed by James Wyatt from Broomo Park

but it doesn't compromise her dynamic range nor her keen rhythmic acuity (very liberian—she is Portuguese). None of those virtnes is called into play to make personal effects, for she is wholly intent upon realising the music in hand, single-mindedly and selflessly. There is something of Annie Fischer's musical stylo about her.

She began with Bach's Partita po 1 in B flat and established at onca that she is a Bach pianist of the first order. No attempt et harpsichord imita-

The fastest-grove

Sinesting companies t The Board has more the last few years that trial development will a to future mainly of gi medium sized projects The HIDB does by want to see more interesting one of the ment.

cases have proliferated a astonishing rate, Production of famels: tonnes this year and ser to h.t 20,090-25,000 bore the end of the dead altore installations and in ing cages, employ ext people full time put nearly Man on is: ne matching private i simi tave incressi

Similar this year.

But the salmon as industry has probably no crossroads. The muniNorwegian industry as controls the price sel sarcontrols the price sel sarcontrols of prices fel sar-Since then, pass now is on improving the

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Caramar 13. 1991

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Tuesday December 16 1986

Japan's imperial anachronism

THE BASIC facts about the Japanese enigma, the problem of a super-producer which seems reluctant to consume, are by now the familiar small change of every debate on international economic relations, and it is no surprise that the OECD's annual report on the Japanese economy has no hinding new insights to offer. On the other hand its 90-odd pages of pains taking detail are a pasful contaking detail are a useful cor-rective to some of the more sweeping generalisations which are normal in these discussions, and may help to divert attention from current obsessions with pure financial liberalisa-tion on to more important

The first point which stands out is that Japanese industry is out is that Japanese industry is not, as is commonly supposed, now struggling with the problems of an over-valued cur-rency. There is certainly a major adjustment problem, but this arises from the fact that over most of the period since over most of the period since the second oil shock the yen has been glossly undervalued. This is apparent not only from measures of the exchange rate against that warranted by, say, comparative unit labour costs, but more tellingly by the fact that many Japanese goods were until recently exported at sub-stantially higher yen prices than were charged in the home market. The relationship with Japan'e major Western com-petitors, now stabilised by agreement with the US, is broadly in line with that which ruled in the early 1970s, and has brought export and domestic prices back into align-

Restrictive barriers

In the long run this is likely to stimulate, rather than to stiffe, Japanese productive industry. As the report shows, an immediate effect has been to reinforce modernisation. Prices of bread-and-butter products including many pioneered by the Japanese themselves—have had to be seen themselves—have

had to be cut sharply in export markets, but industries still at the leading edge have been able to bold yen prices nearly stable.

Japan's most sophisticated exporters are still more hampered by the restrictive barriers and "voluntary" restrictive. riers and "voluntary" restraints imposed during the super-competitive period than by the exchange rate. The market re-

is likely to remain subdued, because trade was never allowed fully to reflect its previous under-valuation Japan thus faces a shortisb

adjustment period, in which growth is likely to be only about half the economy's productive potential, but a much more obstinate problem of trade imbalance, since export growth is likely to resume after e shake-out of products which are no longer competitive against Japen's Asian's neighbours. Japen'a Assan's neighbours.
This persistent surplus arises because Japan is geared to respond primarily to foreign demand. To change that orientation, as the Mayekawa report demands should be done, will be a major task.

Archaic controls

The main problem is one of The main problem is one of inefficiency and market failure at the domestic level. Trade in food makes even the EEC regime look liberal. The cheap imports now available are handled by state monopolias which have simply taken the opportunity to fund subsidies to Japanese farmers outside the tax system. The Japanese

to Japanese farmers outside the tax system. The Japanese consumer has had no benefit. The report describes in some detail the archaic planning restrictions and development controls which hamper the replacement of the housing stock—a prime requirement if Japanese citizens are ever to enjoy the potential fruits of their industriousness. This is a lesson which needs driving home: the Japanese have so far used financial incentives for development which have simply driven up land prices.

The report is strangely silent, though, on the other faults of the Japanesa tax system, which given excessive privileges to severs in certain state schemes, and charges excessive tax on income not saved. Nor does it challenge the Japanese obsession with the dangers of fiscal deficit, because of future problem with en ageing popula-tion. It is hard to see how an economy which is acquiring foreign assets at a rate of soma \$80hn annually can be called improvident, or bow bolding back current growth can create resources to meet future demand. If the Japanese economy were energised and liberated at home it might make

less restrictive attitudes in other

Companies and the community

Club. Each has agreed to make annual "community contribu-tions" — loosely defined — amounting to et least half a per cent of their pre-tax profits.
The question is whether companies have the responsibility or even the right to concern themselves with such philanthropic gestures. Should not their collegements be to maximum and their collegements are the collegements. their only concern be to maxi-mise dividend payments, leaving individual shareholders to decide what to do with the wealth which rightfully belongs

The trouble with this argument is that it assumes com-panies consist of nothing more than a balance sheet and an income stream. In reality, every good manager knows that success comes from assembling a group of skilled people, and motivating them. Far from being inanimate, companies con-sist of groups of individuals with an interest in a thriving society. Anart from old-fashioned philanthropy, there are two sound commercial reasons for companies to be concerned about the health of the community in which they

Valuable support

One stems from what might be called the sponsorship role, whereby a company establishes itself as a good commonity citizen. It might do this by seeking to find suppliers among local small companies, by supporting a nearby enterprise agency, or by encouraging its employees to become involved in local causes. As ICI has found to its advantage, such efforts can be a big belp with it comes to manag-ing change. The message ie that a business which is concerned about the fate of the employees which it is forced to lay off will do better with those which it

Such an approach may pay even bigger dividends. Pilking-ton Brothars bas been respon-

LAST NIGHT, representatives is that their own health of some of Britain'a largest depends on the availability of an educated workforce, on the Street to launch the Per Cent demands of a prosperous demands of a prosperous marketplace and—to take an extreme position—on social stability.

This is most obvious in the case of small companies which are wholly committed to one area. But it also applies to much larger concerns—food retailers, which are squeezing their way into the southern half of the country in their search for well heeled customers, or clearing banks, which have had to review the viability of their operations in whole sections of the inner cities.

Southern drift

One problem is that manufacturing companies in de-pressed areas tend to be the least able to take e long view of their commercial interests. Another is that so many of the UK's large companies are beadquartered in the South East. Whereas American cities East. Whereas American cities like Pittsburgh or Cleveland can persuade large numbers of important companies to take a pride in their community, cities like Glasgow and Liverpool have seen some of their biggest companies drift away to the

However, there are signs that companies are becoming more companies are becoming more concerned about their broader economic role. One interesting development was the launch last week of a pilot project in Halifax, intended to bring the private sector together with local and central government plus the voluntary agencies to work for aconomic revival in the area. The Per Cent Club the area. The Per Cent Club is part of a similar pattern. Its aims are quite modest, and it is certainly not going to change the world. But if it does no more than persuade other com-panies to think about these issues, then the exercise will have been worth while.

Much more needs to be done end by all sorts of companies.
For example, insurance companies need to think more
creatively about the problem
of red lining, which makes ton Brothars bas been responsible for thousands of job losses in St Helens during recent years. But the way it handled those painful cuts is bringing it valuable support during its current efforts to avoid a bostile takeover by BTR.

All this may be no more than a rather sophisticated form of public relations. The second reason for companies to think their responsibilities go wider than their shareholders

THE EUROBOND MARKET

The sour taste of success

By Alexander Nicoll, Euromarkets Editor

records, and its professionals continue to produce a stream of innovative debt instruments aimed at satisfying the needs of borrowers end investors.

Yet some of the market's most senior figures are worried. In what should have been e golden year, with falling intersional to a presence in the international capital markets. The Eurobond market — e Eurobond is a debt security issued internetionally, typically most senior figures are worried.

In what should have been e
golden year, with falling interest rates in most countries
producing strong bond
markets and therefore
ample profit opportunities markets and therefore ample profit opportunities for investment banks, a significant number of those bouses active in the Eurobond market are believed to bave suffered lesses or a reactivity inde-

rared losses or e woerdly inede-quete return on capital. Fierce competition for new issue husiness bas shaved pro-fit margins and undermined issuing methods. And fragilties in the secondary trading mar-

Exchange, seen hy many people as a takeover of the domestic as a takeover of the domestic marketplace by foreign firms. It also came at a time whan the hitherto unregulated Euro-bond market is facing the im-position of UK investor protec-tion law, setting new standards It also came at a time whan the hitherto unregulated Eurobond market is facing the imposition of UK investor protection law, setting new standards for capital adequency as well as introducing surveillence of the market through new rules on reporting of pricea and trades. Just as awkwardly, it occurred while contentious aftermosts are under way among the World Bank are also important investors.

Borrowers lika the market, too: the British Government, for example, this year raised \$4bn with the largest single Eurobond ever. Corporate names like Pepsico and Philip Morris have built np respected reputations among the dentists, and supranational entities like the World Bank are also important investors. attempts are under way emong bond trading firms to enforce greater discipline in their deal-ings with each other.

since Eurobond houses, like the investors they serve, send to be secretive, the full extent of losses or shortfalls this year is unlikely to be known. What is clear, however, is that the market has become crammed with professional participants.

Given the Eurobond market is the world's second largest securities market after the US bond market in terms of trading volume, and the third largest after the US and Japan in terms of deht with the US trade deficit pumping dollars offshore there Given the Eurobond market's

size, its rapid growth and its cross-border nature, it was natural that banks should have been devoting ever greater re-

sources to it.

The Swiss-American firm
Credit Suisse First Boston has
beld on to its position as the
leading new issue manager, and other US bonses such as Mor-gan Guaranty, Salomon Brothers, gan Guaranty, Salomon Brothers,
Morgan Stanley and Merrill
Lynch are still powerful forces.
But Japanese accurities bouses
such as Nomura and Daiwa bave
muscled their way up the league
tables measuring lead management of bond issues. European
banks such as Deutsche Bank.
Banque Paribas and Union
Bank of Switzerland have also
been making strides.
Many other banks, bowever,
are desperate for a share of

are desperate for a share of ing of issues in order to win the action as the world's securities markets grow at the expense of traditional bank lending and as the markets go global, with paper traded from time zone to time zone. Many ness of "kami-kaze" prichaging of issues in order to win the financial world of dumping expense of traditional bank lending and as the markets go global, with paper traded from time zone to time zone. Many strains on issuing methods. The strains of issues in order to win the dequivalent in the financial world of dumping expense of traditional bank lending and as the markets go global, with paper traded from time zone to time zone. Many

N THE surface, all is well. fear they may lose prized long-The Eurobond market's term relationships with cor-growth continues to set porete customers unless they

issued internetionally, typically in bearer (non-registered) form ontside the country of the currency in which it is denominated—may be seen as the precursor of today's global securities markets. Borrowers and investors are spread around the world, end the intermediaries are spread fared losses or e woefully inedeacross Europe, though the majority of business is done from London. Founded in the early 1960s, Eurobond market has tradition-

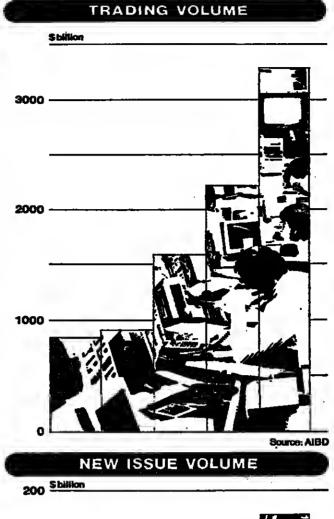
ally provided a competitive eource of funding for bor-rowers who can tap discreet but important pockets of demand. The Belgian dentist is ket were dramatically searly this month when business all but stopped in an important sector, the markt for "perpetual" floeting rate notes.

The incident was embarrassing for e market which has shot to prominence in the UK mity which hearer securities afford as well as the yields they can earn. In the past few they can earn. In the past few tutions — banks, pension funds, and insurance companies have probably become the

the World Bank are also important forces.

Whatever its current inter-nal problems, with turnover averaging \$13bn daily, the Eurobond market is the world's

With the US trade deficit pumping dollars offshore, there is still plenty of money available to he invested in Euro-bonds, even though the dollar's fall made continental investors wary at times this year of huying dollar bonds. Problems could mount, bowever, for investment banks if a rise in interest rates were to reduce that profitability of their bond trading positions as well as the amount of available new issue



1986 (c.Dec5) Source: IDD Information services

amount of available new issue business.

For the competitive pressures —always strong—bave intensified this year, particularly as Japanese firms, eager to provide investment opportunities for cash-rich clients at bome, have league tables.

Many bankers accuse Japanese firms of "kami-kaze" prices drashed the public produced the produced the prices of position and thereby make it hard for the victor to acless of positions and thereby make it hard for the victor to acless of positions and thereby make a profit out of the deal. This has been particularly so this year when markets in this year when markets in this year when markets in the urge to win mandates the produced when the profit out of the deal. This has been particularly so this year when markets in the risk among a group of other this year when markets in the risk among a group of other the victor to acless of positions and thereby make it hard for the victor to acless of positions and thereby make it hard for the victor to acless of positions and thereby make it hard for the victor to acless of positions and thereby make it hard for the victor to acless of positions and thereby make it hard for the victor to acless of positions and thereby make it hard for the victor to acless of positions and thereby make it hard for the victor to acless of positions and thereby make a profit out of the deal.

This has been particularly so not wish to take on new positions are the positions and thereby make a profit out of the deal.

The urge to win mandates the urge of the victor to acless of positions and thereby make it hard for the victor to acless of positions and thereby make a profit out of the deal.

The urge to win mandates profit out of the deal.

The urge to win mandates profit out of the deal.

The urge marging which make it difficult to a balt to nedge. The Eurobond market so far has no bedging vehicle of its own.

Trading after two ket maker

Too often, after launching such issues and laying off the risk to other participants in the can thus slump. In addition, co-managere more junior participants in syndicates—tend to agree to 20

syndicates—tend to agree to 20 into deals because they do not like to turn them down, perhaps in order to maintain a relationship with lead manager or borrower. But many then enonymously offload their commitments back on to that lead manager. This leads to poor distribution and control to poor distribution and control of an issue.

There are signs of greater self-discipline in the market which could allow these problems. Banks are increasingly turning down invitations to take part in issues they see as unprofitable. There is also a trend towards smaller management. Given the difficulties of turn-

ing e profit out of primary busi-ness, many houses are also focusing on the secondary tradfocusing on the secondary trad-ing market. Here too, inade-quacies have been exposed. A liquid secondary market is increasingly important for insti-tutional investors who, taking a more short-team view of port-folio performance, tend nowa-days to trade bond portfolios for capital cain rether than for capital gain rether than for long-term investment return.

The secondary market's frailty was thrust into the limelight earlier this month by a sudden sharp drop in the prices of perpetual floating rate notes —securities issued mostly by banks over the past two years to bolster their capital. They are perpetual in that they carry no final maturity data end thus may never be repaid.

Any market is liable to suffer a shake-out now and again, and to emerge the bealthier after-wards. Prices in the \$17bn perpetual sector have since been recovering. What was significant, however, was the reaction of market making firms.

Some 40 houses—a large number given the sector's size—had been making two-way prices to each other in perpetuals, forming a core of liquidity. This was seen as vital for investors given that the debt concerned must always be traded, as it may never he repaid. As the market began to fall, it became clear that much of the debt bad never found a home among end-inves-tors, but had been washing around in the market . The drop was self-fuelling. Market makers cut prices dras-

syndicate, lead managers do not provide adequate support by ing, but is thought to have hidding to buy back the paper in the market. An issue's price lead to revisions of strategy at

"Too many people have been in the market for the wrong rea-sons," says Mr Ross of Deutscha Bank.

Mr Tom Beacham Gundy, e prominent figure in the Association of International Bond Dealers, says shake-outs like this "could bring soma sanity beek into the market." Many in the market believe the headlong rush by bouses to get into trading bas excessively in-flated salaries and overheads. The Eurobond market, despite its free-wheeling nature, has had remarkably faw scandals. Its difficulties come, however, at a critical moment, as many senior practitioners take on new roles as members of the councils of tha London Stock Exchange and of the new Stock Exchange and of the new UK securities self-regulatory body, the Securities Association. The AIBD, hitherto an informal trade association with some 800 member firms, is to be a self-regulating exchange within the new UK structure, responsible for overseeing price and dealing information.

and dealing information. and dealing information.

As a cross-border market
subject so far to little domestic
regulation, the advent of
Britain's Financial Services
Act in its major centre is
divisive as well as irksome.
Continental firms who make up a majority of the members of the AIBD resent the imposition

of domestic regulations on an offshore market. Practitioners such as Mr Beacham have long felt, how-ever, that liquidity would be enhanced if a measure of selfregulation could be introduced. Hence be has spearheaded the drafting of rules for secondary market makers which are due to come into force and would, if applied to the FRN sector,

have barred the actions taken hy many market makers last Some practitioners feel that lack of liquidity in individual Eurobond issues has caused a drain of investment money away into the highly liquid US Treasury market, which efforts such as these will aim to cor-rect. Others see investors being attracted away from Eurobonds and into new instruments now being developed by the Euromarkets, and into equities — an area into which Eurobond bouses are rapidly expanding.

These factors, perhaps combined with a shrinking of banks current large underwriting capacity, reduced willing-ness to participate for unsatis-factory returns, and changes in the interest rate yield curve, could mean that new issue volume in the Eurobond market has reached a peak.

Mr Michael Webber of Nat-"We may not see the Euro-Trading only really resumed after two crisis meetings of market makers. Many are still out of the sector.

The incident not only proposed in terms of volume of the sector.

The incident not only proposed in terms of volume of the sector. voked rancour and hysteria, bond market."

Christmas box for Stuart

With Metal Box returned to healthy profits after weathering a had patch a few years ago, chairman Brien Smith—formerly of ICI—yesterday disclosed two key appointments to set the style for his new man-

agement team.
Scottish accountant Murray Stuart, aged 58, moves from finance director of the groop, a job he has beld for the last five years, to become group meneg-

The mein board, which Smith slimmed down from 11 to seven during the last year following his arrival, is now increased to eight with the appointment of Alex Wetson. He is an old Metal Box hand having been with the group since 1964—lately as maniging director of the food pack-

aging director of the food pack-aging division.

Stuart is yet another of those
Ford-trained manegement men
I was writing about recently
who bave gone on to occupy top
business slots. He practised as a
lawyer in Scotland for just three months after qualifying, decided accountancy would be more to his liking, qualified es e char-tered accountant, and spent nearly four years with Ford in the central financial manage-ment of the English company.



Men and Matters

and management in engineer-ing and retailing hefore join-ing ICL. He spent five years ing director.
The mein board, which Smith finance director end, eventually,

Women in law

ramily division's court dealing with appeals in a wide variety of matrimonial disputes. The senior judge was Mrs Justice Heilhron, aged 72, who is the oldest and longest-serving of the existing three women High Court indges. Sitting with ber was Mrs Justice Butler-Sloss.

The third woman High Court

The third woman High Court judge, Mrs Justice Booth, was sitting in another court in the

building.
As a woman lawyer was beard

to say outside the court, "The only thing that surprises me is that there are still only three women High Court judges."

Sound choices

ment age, has been on the way np ever since.

He has been chosen as presideputy managing director.

Apart from helping with the strategic direction of Metal Box. Stuart will be, in effect, the chief operating officer responsible for the day-to-day running

Governors.

from the Reading international HQ of what is now a group McCleliand, too, is to become a director general—in this case director general of the Associa-tion of British Travel Agents. with the emphasis upon de-centralised management among divisions centred upon the UK, Enrope, and the United States. An all-women bench of judges made legal history in Britain yesterday when they sat in one of the appeal courts.

The scene was the High Court family division's court dealing with appeals in a wide spirits.

Stock rise

Barely seven weeks after Big Bang, Salomon Brothers, the Wail Street investment banking London equities department into the new era. Peter Clarke, manager of the equity department of Salomon Brothers International, which

ciarke, 36, cut his financial teeth at Barclays Bank pension fund. He joined Salomon in 1977 and after carrying the firm's banner into Tokyo, be was brought back to London in 1982 to bead the equity de-

dent of the Radio Academy and in July he takes over as director general of the British Council. Now the same sort of thing is happening to Charles McLelland, former deputy director of BBC Radio, who left on the same day as Francis following e meeting of the BBC Board of Governors.

The present managing director of BBC Radio, Brian Wenham would like to become a director ganaral too —of the

operates from a new trading centre in London's Buckingham Palace Road, bas been made a managing director of the parent company. Clarke. 36, cut his financial

Leaving the BBC unexpectedly after long years of service clearly has a rejuvensting effect on those involved.

Richard Francis, managing director of BBC Radio, who left the corporation in May, eight years before the normal retire—

in 1982 to bead the equity department.

Clarke's promotion does not mean he will be leaving London for New York. With Salomon already making a strong play for the buge bought deals likely to feature in London's equity market, ba expects to be kept.

fully occupied on his home

Work out

Companies concerned about how to plan their employment policies with the ever-looming prospect of a eGneral Election will have a chance to try to make their minds np. courtesy

Industrial Society.
The society is bringing togethe rthe employment spokesman for the three main political groupings—Kenneth political groupings—Kenneth Clarke, the Paymaster General, for the Conservatives; John Prescott for Labour; and Richard Wainwright for the Alliance—in a conference to outline their policies on em-

outline their policies on employment, unemployment and industrial relations.

The date chosen for the conference is April 7, which society officials hope will be sufficiently close to an election to give it even greater piquancy. Perhaps Perhaps they know something no one else—bar perhaps Mrs Thatcher—does?

Outlook bearlsh

A public relations man went on a visit to Prague. One day e high party official took him into the bills for a bear hunt. They found a couple of bears, e male and a female but unfortunetely one of the bears ete the official. The public relations man was lucky to escape with bis life.

A posse of hunters asked him to venture out again to identify the bear that had eeten the

official.
The bears were cornered, and

The bears were cornered, and the public reletions man was asked which bear was responsible. "The male bear," he answered readily. So tha mala bear was shot. But not official was found in it.

So the female bear was shot. Sure enough, sha had eaten the high party official.

Which shows you should never believa a public relations man when besays that the Czech is in the male.

Observer

Acquisition Opportunities

If you are e successful company looking for acquisition opportunities or for expansion by taking on new products or services, then Venture Capital Report can help you. Below is a list of some of the 96 projects seeking industrial partners or venture capital which appeared in the last 9 issues of Venture Capital Report (est. 1978). Each project was covered by a detailed article, including photographs, financial data and the entrepreneur's address. If you would like to know more, please complete the form below: please complete the form below:

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Too many people has one, says her Ross of her sank. Sank.

Sank Says Mr Ros of beacher.

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uch as these will am ua. ert. Others see laveston by threated away from Emoha and tend new instruments as nema developed by the Es-carkets, and into equita-nema into which have Orace See asbigit exhaugh-There factors, perhaps to godorda e error berre -37 KB' Current large under no capacity, reduced with HAM to participate for mee he interest rate yield on ould mean that nes a nitume in the Eurobood mak ius Tauched a peak Mr Michael Webber et St avesument We may not see the la

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Letters to the Editor

Formidable objections to contested takeovers

From the Chairman, Wider Share Ownership Council.

Sir,-John Plender's article (December 9) is not of course the first commentary on the current takeover seene and it will certainly not be the last. The activities of corporate precurrent takeover scene and it they create tha impression trait maps he that junk bonds are the will certainly not be the last. The activities of corporate predators will continue to command maximum attention and pulsificity until they are either curtailled by regulation or scattered by a financial catastrophe.

The activities of corporate predators will enter than latter-day equivalent of the markable maps of the composition of the markable production of the markable maps of the British market in 1974?

The activities of corporate predators will enter than latter-day equivalent of the markable maps of the composition of t

To rehearse ell the numerous to the enemies of capitalism and formidable objections to and the free society. contested takeovers (and we must be clear that it is only contested takeovers that are in question) is a task beyond the scope of a single letter. Briefly, they inhibit productive invest-

out that we have so far-avoided the very worst features of these operations. To raise expensive loans for the sole purpose of buying back a company's ment, research and develop-ment, distract management from ultimate in corporate irresponsi-its proper tasks, create manifest hility. But both we and the

Battle lines for change

From Mr L. Clarke. Sir,-As one who helped write South African Government pro-pagands, at one time, for its apartheld and "homelands" policies, and so knows some-thing of both the image and the reality, I find the real flaw in Mr Anthony Robinson's "Battle lines for change" about the Natal Indaba (December 11) to be that he gives the case for this complex plan in great detail, but mentions barely a

The Zulus' neuni ancestors The Zulus' nguni ancestors originally settled all. Natal. Armed white conquest and apartheid now allocate only 30 per cent of Natal to am Zulus, and nearly all the rest to 650,000-odd whites. As the Natel indaba proposals make no provision for any realistic transfer of land from white to black, the new, allagedly "non-racial" Natal will be born with whites, per capits, still owning whites, per capita, still owning some twenty times more land than blacks.

This is what is behind those annorous phrases about all citizens will be guaranteed the right to own land anywhere in Porthconar the province." How do the Middle Road, black starving and impoverished buy hack their country from Uzbridge, Middleser.

John Plender is right to point

Its wealthy white owners?

But that is not all. An Upper House with veto-power, where the white population's representation is racially 10 times more powerful than the black, is the opposite of "non-racial power-sharing." It is just white privilege in a bright new dis-guise. And not such 6 new disguise at that, for we have already seen its like, just two or three hundred miles north. The Natal Indaba bears

word of the case against. Yet startling similarities, including the latter is quickly stated, its perversion of the term "nonstartling similarities, including racial," to the doomed and shabbily white - supremacist Mutorawa regime in Ian Smith's Rhodesia, less than eight years ago. It. too, would have taken many generations for an equitable share of land to emerge.

Let us be honest. Would 6m poor whites, discriminated against by a huge ratio of 1:20 in land share, meekly walt decade after decedo to buy their own land back from a mere 650,000 wealthy blacks whom it didn't belong in the first place?

A scenario for Hotol

From Dr N. Young

argument that British Aerospece and Rolls-Royce really believed they could make Hotal work. Suppose further that the Government believed this too. The following would then happen. The Government would recognise that even a small fleet of Hotol craft would be of fleet of Hotol craft would be of seriously wrong? What about great strategic and commercial the technical and commercial value. It would place an order ricks? No need to worry. for, say, five. The contract Official contracts are not about would state the price and the cost effective purchasing. They delivery echedule. Payment are about making sure that the delivery echedule. Payment are about making sure that the would be made on delivery only. Supplier makes exactly 6.7523 No price escalation would be per cent nominal profit on a 400 ellowed. The technology would not he passed to other countries. To keep total costs down and evold delays in negotiations there would be no shared pro-duction. The companies would have to manage a project to budget and timescale, and pro-duce the product. They would

be terrified. No need to worry. Every-body knows the rules. High technology in post-war Britain is not about making products. It is about well-funded R & D 31 Cornwall Grove, W4

studies. It is about important Sir.—Suppose for the sake of officials going abroad to conferofficials. It is about keeping Britain at the leading edge of technology. It is about keep-ing knowledge, skills and jobs in the country. It is about having meetings.

But what if something went per cent funded cest overrun. Planning is about splitting the production of boggle-toggle sub-assemblies between factories in marginal constituences in North Wales and Merseyside. In the last resort a few good progress meetings abould slow things down till the next Government can cancel the order.

After all, aerospace is differ-

Women who mean business

From Mr J. Reid Sir,--Women in the boardroom remain few but the atti-tude toward women in business has greatly improved during the last two years. Nevertheless they still complain that they find it difficult to obtain their

first executive appointment.
They must learn that to obtain a job they have to obtain a job they have to market themselves more effecobtain a job they have to market themselves more effectively, ie develop, present and aell a viabla "product" to a it will obtain a suitable executive appointment; then the job has to be done well. Avoid price which both parties can separatist preconditions. price which both parties can accept in a competitive market. husiness being a profit-orientated activity. Remember that a CV tells someone only what you have done, not necessarily what you are or can be and could do, especially if you have

been a secretary. Forget feminist propaganda. It has been taken up and ahricked by extremists and is now doing women a disservice

nating with their claims for speciel women's rights—aithough they do want men to have them too. Any executive who is absent on health grounds that Interests to return to full time. but intends to return to full-time work unimparied will he kept on full pay whatever the cause of absence so why single out maternity leave?

should there not be common independent invetories in the executive suite?) Good execuexecutive suite?) Good execu-tives are not in strong supply and those women who can demonstrate that they have what it takes will succeed in business, and be treated with-out discrimination.

J. M. Beld. Search. 8a, Symons Street SW3.

waste enormous sums of money; tion that we are forgetting the most seriously of all, perhaps, lessons of history. Could it perthey create the impression that haps be that junk bonds are the

From Frances Moss Sir.—Mr J. Rhys.Burgess, writing (December 11) on mergers and the public interest, refers to the essential and morally inalienable proprietary rights of individual shareholders of com-

conflicts of interest between Americans should be begloning panies. The fact that he is not directors and shareholders, on- to ask ourselves whether we are joxing, but seriously considers courage insider trading and so bemused by financial levits- thet no other parties even have e moral right to influence the outcome of proposed takeover bids precisely illustrats how the British economy has achieved its present depressing state.

Sir Gordon Borrie, by suggesting that compenies making take-over hids ought to show that positive benefits would accrue. is merely pointing out the obvious. It should not need to be said. If we all seek to make a fast buck in the short-term, in the long run there will be nothing left to take over. Frances Moss.



Simulators for nuclear plants

From Mr G, Watts

Sir,—The pilot of a Boeing 747 aircraft has hy law to be tested every air months in a eimulator when every conceiveble emergency can he induced to ensure that he reacts correctly. The test is international. The safety of handling of public transport eircraft la

"for real" in a nuclear power plant, anymore than it is for an aircraft operator to allow two engines to be cut on a 747 take-off.

It is only by repeated training and testing of nuclear power station operatives that we can ensure that no emergency can occur which cannot immediately

now taken for granted. Surely it should be compulsory for the watch-keepers on nuclear power stations to undergo a similar test at similar intervals, when every possible reactor malfunction may be Stroat House, introduced and corrected?

It is not possible to do thie Chepston, Gwent.

Life in the fast stream

Sir.—Hazei Duffy's account competence, and had to be asked to resign.

(December 9) contains an important misapprehension. The careers-for-life assumption in the civil acryice is by no tendence.

What would invalidete the material. assumption—and there seems to be no evidence of this—would he if top civil servants were deemed to have been pro
material,

David C. Duncan.

Team (Monagement Appointments),

Were deemed to have been pro
21, Princes Street WI.

he coped with.

Both Three Mile Island and
Chernohyl were classic examples

of the wrong action being taken

37056

Stroat

G. A. H. Watts.

the top levels of the civil service is a thoroughly healthy tendency which should be encouraged because it improves The careers-for-life assumption in the civil acryice is by no means invalidated by the loss of some of the best top civil servants because they feel that pay, promotion; challenge and responsibility are not sufficient the satisfy them. source of good administrative

facilities at St Andrews Univer

of the academic staff at the university who ect as editorial

consultants on apecific disci-

At St Andrews we have found an excellent location for

Database at St. Andrews

From the Managing Director, pany uses the computing Longman Cartermill Moreton'e sity ahould also he corrected. Whila Longman Cartermill enjoys the most cordial of relainteresting piece on science parks (December 9) kindly gave tionships with the university, all the hardwere and software for BEST is owned by the company and operated by our staff. We do, however, have a commercial arrangement with some mention to Longman Carter-mill, which is based on the acience park et the University of St Andrews. It wes, however, stated that the company provides a database for British publishars. This ie not the case. In fect, Longmen Cartermili operates British Expertise in Scence and Technology (BEST), which is the official database established to hridgo database established to hridgo the gap between acedemic researchers and industry. BEST currently holds the records of over 13,000 British academics and the detabase is used on and off-line hy such diverse organisations as ICI, Shell, BP, Uplohn, Lucaa Aerospace, the Cabinet Office and the Scottish and Welsh development agencies. our business. Our overheeds are highly competitive in relation to many other locations, and being so close to full-time academics gives us marketing and commercial strengths which it would not be possible to have on an off-campus site.

agencies.
The impression that the comSt. Andrews, Flic.

Beauty contest judges From Mr J. Defries

Sir,—If. as Clive Wolman states (December 13), about 80 per cent of professionel fund managers, who largely rely on company analysis and economic forecasting, consistently underperform the atock market averages why then should Anthony Harrie in the arms issue suffer. Harris, in the same issue, auffer a mental block when reoding technical market analysis?
Chartists—beauty contest judges, as he calls them in quoting Keynes—consistently outperform the market averages; although possibly not as well as geographical or aector less one really knows. Perfection, it is not too late for anthony Harris to be less sent him forget about bottoms, beada and should and instead look at "three reversals."

Jack S. Defries, 43 Brumpton Grove, NW4.

fund specialists may be able to do from time to time. Never-theless, they have a record, while not perfect, that is difficult to fault; and proof is avail-

M. T. Tobert

able. Experience has shown that the longer one is involved in investment management the less one really knows. Perhaps, then, it is not too late for Mr Anthony Harris to be less sexist. Let him forget about tops, bottoms, beads and shoulders and instead look at "three box

Problems involved in the Portuguese economy

From M. Anne Pitcher

Sir,—Your survey of "Portn. was bought.

guese exports and industry". Morenver, tha observation (November 27) is an optimistic appraisal which is not required in the better werranted and serves to obscure restaurants in Oporto is less en

however, hardly merits the up-heat tone of many of the headhowever, hardly merits the up-hoat tone of many of the head-lines in the survey which the articles themselves, upon close ownership. It is unclear what reeding, do not seem to substantiate. It will take more north, but in the Alentejo it is
than one good year for Portugal
to shake off a past in which patierns of land ownership ere
state intervention ettained being recreeted as the agrarian suffoceting proportions in both

werranted and serves to obscure restaurants in Oporto is less en rather than explain the probiems involved in the Portuguese economy.

True, the economy has stabilised this year and inflation is Brazil after waiting to see in down to 12 per cent. This, which direction the Government havely merits the unreform law is rolled back. These agriculture and industry, to the former patterns of land ownerextent that ministerial authoriship were partially responsible tile lodustriellsts, "muddling St Hilde sation was needed virtually for the abyamal performance of through means the inchlity to Ozjord.

With regard to textiles, Frank Gray's article left out crucial details about the state of the industry. For example, Mr Gray mentions that the bankruptcy law passed on September 1, the lowering of interest rates to Portuguese context,

For most of the smaller tex-tile lodustrielists, "muddling St Hido's College,

every time a piece of equipment agriculture prior to tha revolution in 1974.

Was bought. The observation with regard to textiles, Frank as the article implied but because they are under-capitalised or ere unsure if they have e market in which to locate their production. "Muddling through" means buying low quality cotton below 20 per cent and tha drop in inflation to around 12 per cent have allowed much of the textile industry to "muddle through" rather than collapse as was predicted when Portugal joined the EEC. I believe it is workers, little or no food subsides and poor working conditoo early to tell whether the textile industry has survived or not. Nevertheless, let me just explain what "muddling through" actually means in the since the 1930s, but it is hardly a since the 1930s, but it is hardly a since the 1930s, but it is hardly a since the 1930s. sidies, and poor working condi a situation to be edmired.

UK farm debt

The treadmill gets tougher

By Andrew Gowers

the proportion of total UK bank

able growth area—and above all a safe one, backed by land

agricultural support bill.

as collateral.

per cent.

real terms.

of all borrowing.

SINCE THE climate began to turn chilly for British agricul-ture, it is not just the farmers themselves that have been catching cold. Increasingly, the bankers who helped to fund one of the country's higgest agricul-tural booms are finding them-selves forced on to the defensive lending devoted to egriculture is relatively small (just over 8 per cent), farming husiness was seen by the hanks in the 1970s as a significant and profitas well.

Rather than rushing to pour new money into farmers' expansion plans, banks are spending more and more of their time restructuring farm businesses in an effort to stave off bankruptcy. Economists and civil servants

nervously watch the slide in land prices and the intensitying pressure on farm incomes, which are gradually eroding individual farmers' equity base end their ability to service debts which now total almost flobn. according to some estimates. In a few extreme examples, banks trying to recover money from delinquent creditors through the courts are having to fight counter-claims alleging negli-gent leading.

Superficially, there might appear to be some ominous echoes here from the US, where land values have dropped by more than half in recent years. and large numbers of over-borrowed farmers have gone to the wall—in many cases taking their banks with them.

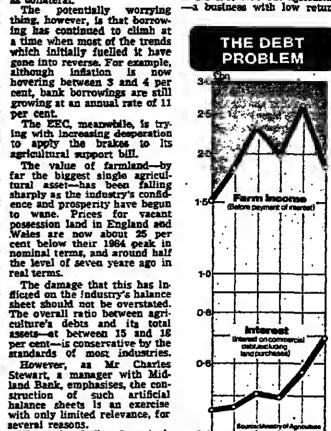
Such comparisons can be misleading. In aggregate, the debt problems of UK farmers are nothing like as serious as those n the US. The degree of speculative expansion has been some-what less crazy; the subsequent downturn in consequence less severe. What is more, the British institutions involved in lending to agriculture are much stronger and more diversified

than the sometimes pathetically small rural banks in the US. Nevertheless, even the most sanguine British bankers will admit that not all their agricultural lending has been prudent, and that debt problems on the farm may well get considerably

worse before they get better. Agricultural borrowing has exploded since the 1970s, with farmers' bank debts rising nearly two-and-a-half-fold in the last 10 years in real terms. Estimates of agriculture's total debt liabilities range between about £7.5bn and £10hn, of which bank lending accounts for just retiring as general manager

generous grants and price hiuntly: "The people at risk amount spent on interest payincentives under the EEC's are those that bought with ments on commercial debt concommon Agricultural Policy borrowed capital over the last tinued to rise. with booming land prices and soaring cost inflation. Although six years."

Third, there is the question of tenant farmers, who account for about 30 per cent of the cantly worse position then the rest as far as reclisable capital



several reasons.

First, the bulk of agricultural debt is concentrated in relatively few hands; no castiron figures are available on this point, but one hanker currently going through an estimated that 25 per cent of all income aqueeze the like of farmers account for 60 per cent which it has not seen since wh World War Two. What matters most to banks and borrowers is

Second, the significance of the fall in land prices to Individual farmers will vary enormously, depending on whet level they bought at and how much they had to borrow in order to do so. Mr Peter Carroll, who is just retiring as general manager of the Agricultural Mortgage which coincided with e hig pen when farm confidence colleged institution owned by Incomes dropped by more than let the over-borrowed minority f.5.3hn. This compares with of the Agricultural Mortgage which coincided with a hig pen when farm confidence colestimated borrowings of around fibn in 1970.

In part this growth reflects the clearing banks and the the coincidence of a flood of Bank of England, puts it humper level of 1984, while the financially-sound majority.

According to official figures, more than 37 per cent of total farm income went on interest for about 30 per cent of the last year, compared with only 8 total and who are in a significantly worse position than the az recently as 1984. The proportion is certain to have fallen this year, thanks to an upturn In incomes, but it still remains at a most uncomfortable level Fourth, end most important, is the fact that UK agriculture —a business with low returns in many individual farm businesses.

It is generally accepted by the banks that about 10 per cent of ell full-time, reasonably large-scale farm husinesses that is, about 10,000-11,000 farms—are at risk because of over-borrowing. "An incoma squeeze can do only one thing: force them to leave, either before or after they're bank-rupt," saya Mr Christopher Pettitt, who heads Lloyds Bank's agricultural finance unit.

Some analysts believe that around 20 per cent of fermers around 20 per cent of fermers and landowners will eventually he forced to sell off some capital assets to reduce their heavy horrowings. Other prophets of doom paint an even darker picture, in which land values collapse as banks foreclose on their farm loans en musse, thus drawing ever growing numbers of fermers to the brink of hankrupter. of hankruptcy.

Something approaching such an apocalypse has already occurred in isolated pockets-such as south west Wales, which had enjoyed e dairy boom dur-ing the early 1980s but suffered particularly heavily when EEC milk quotas were introduced in

But bankers dispute the idea that the rest of the country is about to experience a slump of that kind. They are understand-ehly blase—given the plecemeal changes which have happened so far-about the possibility of radical reform of EEC farm policy. What is more, estate agents are wary of releasing more land for sale than the market will hear; and the banks are prohably not falling over themselves at present to fore-

The effect a

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The undersigned acted as financial advisor to Hanson Trust PLC in this transaction.

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FINANCIAL TIMES

Tuesday December 16 1986



Victor Mallet reports from Lusaka on the ANC's military wing

Guerrilla struggle blunted by Pretoria

"OUR FIRST target in Durban was the Durban Pass Office. Billy, Cur-nick, Bruno and myself went to plant a bomb there which we had made out of aluminium, potassium permanganate and coffee. I don't

We then proceeded to another area where a pylon was to be blown area where a pyion was in be unown up ... first we went to prepare the material, placed it at the target and retreated. We then heard a big explosion going off. A big cloud of smoke and flames covered that pylon. It was a new experience to us,

and we were very proud."

Such were the rudimentary beginnings of Umkhonto we Sizwe (The Spear of the Nation), the military wing of the African National Congress (ANC) which began its op-erations in South Africa 25 years ago today. The words are those of a founder member, Mr Eric Mishali, writing in the organisation's jour-

Known as MK, the ANC's guerrilla army has come a long way since those days of home-made bombs and five minutes of basic training. Established after the non-violent ANC was outlawed by the South African Government, Umkhonto has carried out scores of sabotage and terror attacks with bombs, guns, hand grenades, limpet mines, land mines and rockets. In the past 10 years more than 75 South Africans, black and white, have been killed

by the ANC, according to Govern-ment figures. ANC leaders have de-clared 1986 the year of Umkhonto we Sizwe, a year to intensify the

struggle.
At least 10,000 South Africans are thought to have undergone guerril-la training in countries as far spart as the Soviet Union and Tanzania, but the organisation is no match for the military might or the intelli-gence capabilities of the South African authorities, and Umkhonto con-tinues to be regarded as one of the least effective insurgent groups in

the world.
Mr Louis Nel, formerly the South African Government's senior offi-cial responsible for information, said earlier this year: The ANC has never succeeded in establishing an effective logistical infrastructure within the Republic of South Africa ... in general, security force action against the ANC within the borders of the country, especially the trac-ing of weapons caches and the neutralisation of ANC terrorists during the infiltration process, is highly

"The ANC," Mr Nel went on, "is most certainly not the most suc-cessful communist-supported terneighbours, has succeeded in creating a reasonably effective cordon raise sanitaire around its borders, leav-side.



ing ANC guerrillas with dangerous-ly long lines of communication across largely unsuitable, often open terrain. Infiltration of the ANC by South African agents has further complicated the task of its military commanders, even if there have been isolated cases of ANC counter-infiltration into the South

African army and police force.

The impact of the ANC's guerrilla rorist organisation in the world."

South Africa, with a mixture of burg is no greater than the Irish cajoling, bullying, destabilisation and outright aggression towards its though recent ANC land mine explosions on remote farm roads have raised the stakes in the country-

cause of its failure to win a trace guerrilla war in the style of Zimbahwe or Mozambique is perhaps to people in the countryside must see Umkhonto units delivering blows the enemy, against the cause of its failure to win a classic of bombs, and the ANC, founded in

ANC leaders are fully aware that they need to harness and direct the revolutionary but often uncon-trolled violence which has swept through South Africa's black townships over the past two years, put-ting President P.W. Botha on the defensive and prompting a flood of international economic sanctions. This goal can be achieved, ANC members believe, partly by "armed propaganda", by capitalising on the enthusiasm of young militants for the "freedom fighters" and their al-lies in the South African Commun-

The ANC, now courted even by South African businessmen and se-nior members of the Reagan Administration, has been enjoying successes on the diplomatic front while retaining only a tenuous military presence inside South Africa and an uncertain grip on fast-movand an uncertain grip on fast-mov-ing domestic political develop-

"Wa must inspire our people with a hope that victory is inevitable," said Umkhonto's commisser Chris Hani in a Radio Freedom broadcast

iopia last month. Our people in the townships, our

against the enemy, against the SADF (South African Defence For-1912, is much more than a military ce) and against the police. Our peo-organisation. the farmers unable to continue with their normal lives. Our people must see us moving into white areas to attack enemy personnel."

December 16 is always a tense

day of the year in South Africa a public holiday commemorated by the country's Afrikaner rulers for the defeat of thousands of Zuhn war-riors by a band of trekkers at the battle of Blood River in 1838, and the day chosen by the ANC to launch its guerrilla war. The South African Government

has recently announced the arrest of people it said were ANC activists planning a December campaign of terror, but for each South African arrested by the authorities, another slips over the border to Lesotho or Swaziland and on to the training

camps further north.

For the ANC, guerrilla warfare is not an end in itself, any more than sanctions are aimed at destroying the South African economy. "The majority of conflicts start from the battleground and they end round the conference table, says Joe Modise, Umkhonto's commander in chief.

sets tone for major shake-up

VIETNAMESE leaders unleashed a barrage of self-criticism at the opening of the ruling Communist Party's Sixth Congress yesterday, foreshadowing top level leadership changes and further economic lib-

Party leaders spoke frankly of a devastated economy plagued by un-employment, waste, chronic startages and inflation. The congress comes after months

of contentious internal debate over economic policy. It follows a similar shift towards a more market-oriented economic policy by the Soviet Union, Vietnam's principal provider of military and economic assis-

Vietnamese officials and foreign said a number of the country's top leaders who have guided the communists through more than half a century of war and revolution may resign during the meeting, the most important event in the ruling par-ty's political calendar. The Congress is the first to be

held since 1962 and the death in Ju-ly of Le Duan, the party chairman and Ho Chi Minh's successor. It will be closely watched by Viet-

nam's non-communist neighbours who will be looking for any softening of Hanoi's position over the political and military deadlock in Kampuchee, where 140,000 Vietnanese troops remain stationed.

El-Sayed to leave Fermenta

Continued from Page 1 enior executive in the Better Investment group, who both resigned in October, urged the Fermenta board to initiate a police investiga-tion of what they called "suspicious

The Fermenta board was meeting last night to consider its response. The turmoil that has surrounded Mr El-Sayed's personal business affairs for much of the last 12 months has now widened to encompass the Fermenta board which has included some of the leading names in Swed-ish industry and commerce

Vietnam

By Steven Butler in Bangkok

That is, however, about all that can be said in favour of the figures

the line.

THE LEX COLUMN

The not-so lonely star

Interstate banking has come to the oil bankers of Texas, like the US cavalry's arrival at some belea-guered fort. The surprising thing about yesterday's relief of the Teit happened - the stock of Texas Commerce Bancshares has been rising for three months on the expectation - but that the new owner is to be Chemical Bank. mical's decision to strike out

into the energy belt does serve to lift it to a more comfortable place in the big league of US banks at about the \$75tm level of assets, including \$19tm from Texas Commerce. And it is buying the bank for an effective \$33 a share, only about twice the price that the shares were trading at in the summer, before the

state banking laws were rewritten. So keen is Texas Commerce to be taken out that its shareholders are on Exploration, and attributable to hold on to a nominal \$300m of the profits fell by more than £5m. loans that Chemical least likes the Enough said. look of. With over \$400m of non-performing Houston real estate lending on the books and \$270m of energy credits to choose from, it is not hard to guess what the Texas shareholder will end up with. It is to be hoped that the workout does not

It may be that Chemical takes a rosy view of the prospects for West Texas Intermediate, and thinks that it will not have to wait too long to see a recovery in loan quality and activity, at Texas Commerce. In any event, it is big enough - and sound enough on a pro forma-problem loan ratio of under 4 per cent - to sit things out.

China Clays

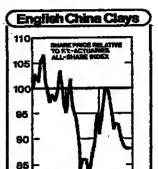
An ambitious profit forecast is a might do well to follow. By raising over £14m through the sale of warrants, based on the FTSE 100 index rants to a contested bid, particularly if the forecast is then met during the currency of the bid.

That is, however, about \$10.00 to \$

produced by English China Clays yesterday. It has hit its target by the most hallowed methods, which reduce the importance of the unpalatable by stowing it away below

. In this case China Clays has de- the trust's discount below the sector cided to hump together rationalisa-tion costs of businesses that are continuing - like the International explain why the shares gained only Division - with costs incurred in 2p to 174p yesterday.

businesses that have been sold; a Once issued, there is no end to case of the directors deciding that a the tricks Fleming Mercantile can true and fair view of their profits play with the warrants. Similarly



would not be given by complying with the Standard on Group Ac-

counts. Knock off the provision of £12m against the holding in Horiz-

Investment trust managers need

over or unitised.
It is probably no coincidence that

shareholdings, now totalling almost 25 per cent of the trust. Even before

the announcement the discount had

shrunk to a well below average 13.3

ing 5 per cent to asset value, and so enhancing performance straight

And as index trusts ought to

trade at a minimal discount (which

was why the Philip Hill trust first

planned to turn into an index fund) the 20 per cent of the trust now

average, though perhaps not so far below as it already is - which may

ng the index coght to keep

buyers of the warrants, longer-lived than traded options or futures, can use them for all sorts of hedging techniques.

techniques.

Simply buying the warrants, instead of shares, and putting the spare cash in the money market would improve the return of an equity portfolio. The problem is that an issue backed by a £65m portfolio is just not large enough for the big institutional players.

Meanwhile the Stock Exchange might ponder on the fact that a war-

might ponder on the fact that a war-rant based on its index had to be listed in Luxembourg.

Cariton

To produce results slightly ahead of market expectations may not sound like much reason for celebration. But when that means that pretax profits have risen by 57 per cent, it is a different matter. For those two facts taken togeth-

er imply a premium rating, and such stocks have a very long way to fall if they do not deliver. Hence the relief in the share price of Caritan above all to please their shareholders by narrowing the discount to net assets; yet their own life plans are not best served by getting taken Communications, with a jump of 45p to a new high of £10.35p. This is actually quite a day for the share price, since it has been a very dull former for the last 18 months. A large ADR issue is imminent. Fleming Mercantile's warrant is-sue, launched yesterday, follows a recent build up of two significant

Cariton's most recent US acquisition is presumably responsible for the earnings dilution implicit in an earnings a share rise 11 percentage points behind the increase in pretax profits: presumably because Carlton's statement, which has been audited, is uninformative to a degree. There is no figure for interest receivable nor a breakdown by tiness, even to distinguish between the sale of digital video imag-ing systems to Japan and the provi-sion of shoplitting for Marks &

None of this is a criticism of the business itself, which is, among quoted UK stocks, uniquely posi-tioned to take advantage of the deregulation of broadcasting through-out Europe. The group seems confident it can exploit the open skies policy without letting marging erode below 25 per cent.

Shareholders may be grateful that Carlton has failed to gain the first DBS franchise, which would have been a real risk. If Carlion maages to make £27m this year, then the shares are on a multiple of about 17. The premium rating rests comfortably on the prospects.

UK court rules on currency 'baskets'

By Raymond Hughes and David Lascelles in London

SCANDINAVIAN Bank Group yesterday won UK High Court approv-al for its pioneering plan to hold its capital in a mixed basket of sterling and foreign currencies, rather than in sterling alone, to overcome problems caused by exchange rate fluc-· In a ruling with far-reaching im-

plications for international companies, Mr Justice Harman said that a multi-currency capital structure was permissible for a UK-reg-istered company under English

company law. Within hours of that ruling, however, another High Court judge ap-peared to put the issue of the legality of non-sterling capital back into

Mr Justice Walton refused to hear applications by Merrill Lynch International Bank and five compa nies in the so-called "English Group" of Manufacturers Hanover Corporation for approval of plans to change their capital from sterling to dollars until he had studied Mr Justice Harman's judg-ment and its

Had it not been for that judg-ment, be said, be would have "shing out" the applications before him "without the slightest hesitation" because he had always taken the view that such a change could not be made to a company's capital

Mr Justice Walton's reaction raises a question mark over Scan-dinavian Bank Group's plans and has implications for Chase Manhat-tan Ltd, a UK subsidiary of the Chase Manhattan banking group. In January Mr Justice Harman approved CML's proposal to change from a sterling to a dollar capital

If, when the cases come back to him in January, Mr Justice Walton rules that Merrill Lynch and Manufacturers Hanover cannot change from a sterling base, there will be conflicting judicial views on the issue that could only be resolved by a higher court.

The likelihood is that either Merrill Lynch or Manufacturers Han-over would go to the Court of Ap-peal and, if need be, for a final rui-

If the higher courts were to adopt what appears to be Mr Justice Walton's view, Scandinavian Bank Group and Chase Manhattan could find themselves obliged to change back into a sterling capital base in order to conform with the law.

However, Mr Garrett Bouton, chief executive of Scandinavian Bank, said he was confident that nothing could now affect his bank's decision to proceed.

Mr Justice Harman reached his decision in the Scandinavian Bank Group case after hearing argument from the bank's counsel and from a barrister nominated by the Attor-ney General to give the judge an independent view of the law.

The judge said that he had been The judge said that he had been told that no public authority — notably the Bank of England and the Treasury — considered that a decision that multi-currency capital was lawful would cause problems. The Official Receiver saw no difficulty in administering liquidations as a result of such a ruling, the judge said.

IDA donor countries increase aid contributions to \$12.4bn BY JOHN WYLES IN ROME

THIRTY-ONE donor countries yesterday agreed to provide higher than expected aid of \$12.4bn to developing countries to be channelled over the next three years through the International Development Association (IDA).

The arrangement was finally unlocked by an agreement between Japan and the US which will raise Japan's shareholding in the World Bank by 1.5 per cent. The Italian and Dutch holdings will be in-

and butch holdings will be in-creased by 0.32 per cent. Tokyo had made part of its in-creased contribution to the IDA, which is the World Bank's affiliate providing soft loans to developing countries, conditional on boosting its stake in the parent body.

As a result, the US shareholding

in the World Bank will fall from 20 per cent to 18 per cent, but its powers to block fundamental policy changes will not be altered. The the eighth, comfortably exceeds the \$10.5bm to \$12bm target for 1987-89 the donor countries set themselves at the beginning of the negotiations in January. They reached \$11.5hm at their last meeting in September and then a number responded yesterday to Japanese urgings to make special additional contributions aiming at \$2bn in total.

Japan's extra payment was raised yesterday from \$350m to \$450m and then others followed: Germany with an extra \$50m, Italy with \$90.5m, the Netherlands with \$125.5m, the UK with \$15m and New Zealand with \$700,000.

With \$165m committed bilaterally by Switzerland, which is not an IDA member, the total was raised by \$896.7m to \$12.39bn. This compares with the seventh IDA replenish-

countries", which was especially significant in the light of the severe budget constraints of the industrial country donors."

He paid special tribute to the "strong leadership" displayed by the US and Japan and to the special efforts made by other countries, in particular Italy whose total contri-bution will be the sixth largest. IDA policies in administering the

new funds will feature two important changes. The growing prob-lems of sub-Saharan Africa will be recognised by raising the region's share of credits from 35 per cent to between 45 per cent and 50 per cent. In addition, loans will reflect an

increased emphasis on economic performances in borrowing countries. In particular, it has been agreed that between \$3bn and \$3.5bn of the total replenishment will be devoted to supporting soas to raise the required majority for Bank's senior vice president for ficertain decisions from 80 per cent
nance, described the agreement as ing countries gaining access to 85 per cent.

The below quiesni, the works are usually a condition for developing countries gaining access to a "breakthrough for developing World Bank and IMF loans.

EEC rejects US grain demand

BY QUENTIN PEEL IN BRUSSELS

warned of the dire consequences of a trade war if no solution could be

They backed the European Comnission in seeking one month's extension of the current deadline for agreement, set at December 31, and confirmed their determination to retaliate if the US took unilateral measures against EEC exports on

Mr Willy De Clercq, the European Commissioner responsible for trade negotiations, reported that a huge gap remained between the two sides on the question of lost US sales of maize and sorghum to Spain since that country joined the EEC last January.

The US is seeking guaranteed

sales of some 4m tonnes a year to compensate its grain exporters for losses estimated at up to \$500m. The Community so far has offered a maximum figure of only 1.6m tonnes for all non-EEC feedgrain imports by Spain, including supplies from Argentina as well as the

Mr De Clercq said the US demands were "unreasonable" and "indefensible," expecting Spain to

The EEC proposal would also

EEC foreign ministers yesterday rejected US demands for trade comize and sorghum imports as they
pensation for the loss of grain sales were replaced by substitutes such
to Spain as unjustifiable and as corn gluten feed, rice and wheat,

- items which would particularly hit Mr De Clercq said.

The European hard line follows abortive weekend negotiations between Mr De Clercq and Mr Clay-ton Yeutter, the US Special Trade Representative, as well as Mr Frans Andriessen, the EEC Farm Commissioner, and Mr Richard Lyng, the US Secretary for Agricul-

import more grain than it could actually consume. The Community es-timates total Spanish feederain import needs next year will be only 3.2m tonnes, against the US calculation of 4.4m tonnes.

Mr De Clercq said that in spite of the wide gap it was essential to keep negotiating, through the De-cember 31 deadline if necessary. But he said the KEC was not proposing to extend its temporary arrangement for reduced-levy maize imports from the US, agreed last July and expiring at the end of February.
The US announced last summer

France, the country it regards as the most hardline in the EEC. The Community foreign minis ters responded by promising retal-iation on corn gluten feed, rice and wheat – hitting key US farm sec-tors. They confirmed that decision

Mr De Clercy said at a press conference that the outbreak of such a trade war between the two blocs would have political and psychologi-cal consequences and sour the launch of the new Gatt round of ne gotiations for trade liberalisation. Nancy Dunne adds from Washing-ton: The US Feed Grains Council's

trade policy co-ordinating commit-tee has asked the Reagan Administration to retaliate immediately if no agreement is reached by December 31 on their "loss" of their Spanish feed grains market.

The group, which is advising the administration on the negotiations says that any extension of the interim agreement or the negotiating period beyond December 31 is totally

business transactions in which Ref-act El-Sayed and Fermenta are in-

The Export Credits Guarantee Department

has transacted

US \$2,000,000,000

Interest Rate Swaps

Kleinwort Benson Cross Financing Inc.

advised ECGD and arranged these swaps with

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Bankers Trust International Limited

First Boston Securities Corporation

Chemical Bank The First National Bank of Chicago

Kleinwort Benson Limited

Lloyds Bank Plc Morgan Grenfell Finance Incorporated

NatWest Investment Bank Limited J. Henry Schroder Wagg & Co. Limited

Manufacturers Hanover Limited

Salomon Brothers International Limited

Security Pacific National Bank



Pakistan riot toll

Continued from Page 1

unacceptable to the feed grains sec-

A further 73 people died – shot, stabbed or burned to death – and bundreds have been injured. As up. The Prime Minister, flew to Karahundreds have been injured. As up The Prime Minister, flew to Karato 400 homes and shops blazed in the street the anti-interpretations but

But, in spite of orders to shoot on sight, the military failed. Their vehicles proved too large and cumbersome to get into the myriad back alleys where the rioters continued their battle with fire and bullets.

A further 73 people died - shoot, and myriad back alleys where the rioters continued their battle with fire and bullets.

A further 73 people died - shoot, and Mr Mohammad Khan Junejo, were ablaze:

different sectors of the city, looting pervise the anti-riot operations but made no comment on the situation. The bodies taken yesterday to An indefinite curfew was an-Karachi's main hospitals included nounced for Karachi and Hydera-nine from one Pathan family roast-bad and Mohammad Aslam Khated alive in their firewood shop. Ortak, the Interior Minister, appealed
anji suburb residents said they had for an end to the "killing of Mos-

seen Pashtums toss teenagers on to burning buildings and stab young boys. Violence raged out of control. In Mohajirs and Pathans have a long history of brutal rivalry



Carlton

To produce results single

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FOR BUSINESS IT'S SUCCESSHIRE

SECTION II - COMPANIES AND MARKETS

FINANCIALTIMES

Tuesday December 16 1986



UK exports credit agency in \$2bn debt swap move cuyers of the warming the than traced options of the use them for all sun its techniques.

Simply buying the same of shares and personance cash in the many would improve the running the profession of the profes

STAFFORDSHIRE.

BY PETER MONTAGNON, WORLD TRADE EDITOR, IN LONDON

gramme in the international capital markets that should substantially reduce the cost of providing subsidised finance in support of UK ex-

The programme was arranged by Kleinwort Benson. It provides the UK Government with a hedge against fluctuations in short-term dollar interest rates that have pushed up the cost of subsidising export credit in the past. Under current arrangements the

Government, acting through EOGD, is responsible for making up the difference between the internationally agreed fixed rate of interest paid by recipients of export finance and the, normally higher, floating rate charged by lending banks.

The swap programme will fix this difference for the life of the leans

affected, which averages around five years. It will virtually eliminate subsidy payments on this part of the ECGD's medium-term export credit portfolio, according to Mr Fred Chapman, principal financial

Lord Chandos, a director of Kleinwort Benson, said the ECGD programme was small in terms of the total interest rate swap market

BRITAIN'S EXPORT Credits Guar- which now turns over some \$160bu antee Department (ECCD) has a year, but it was one of the largest completed a 52bn debt swap prosingle programmes and certainly single programmes and certainly

Altogether 47 separate swap transactions were involved. Latest ECGD figures show that the total cost of subsidising export credits amounted to \$401m (\$551m) in the financial year to end-March. As-suming Eurodollar rates average 10 per cent over the next five years this hill should be reduced by \$250m in total, Lord Chandos said.

In the short run, however, it will not provide any savings for the gov-ernment as short term rates are currently below those on fixed rate export finance.

Mr Chapman said it was none the less prudent for the longer term to hedge part of ECGD's portfolio in this way, as the cost of the subsidy programme was historically very

ECGD's fixed rate export credit portfolio amounts to £11.9bn of which \$5.4bn is in US currency. The starling share amounts to half the total and attracts the highest subsidy cost, but it would be difficult to design a deht swap programme for sterling credits because the market is still very thin, Lord

Alan Friedman reports on the row over the use of non-voting stock to raise capital

Milan finds savings shares hard to swallow

aiser, Mr Carlo De Benedetti.

Explaining the reasons why two recent issues of non-voting savings shares" for his quoted CIR holding company and Latina Insurance subsidiary had been unsuccessful with 71.1 and 91.7 per cent of the rights left with underwriters, Mr De Benedetti first ettributed the failure to "a lack of forecasting of the stock market's path."

Then, in an interview with L'Espresso, the weekly magazine, he said that "both I and other groups have issued too many of these

Mr De Benedetti's self-criticism was no great surprise. The Olivetti chief was merely saying what most bankers, stockbrokers and fund managers have been stressing for several weeks: the Italian stock market is sick and tired of having overpriced non-voting savings shares dumped on the bourse and the digestion problem is becoming

Now that the Milan bourse is undergoing a new shake-out with the share index having dropped by 10 per cent over the past two weeks, the controversy over savings shares has reignited. At its centre is the fact that many Italian companies have this year issued expensive

THE WORLD of Italian finance was savings shares, which provide no recently treated to an unusual mea voting rights and are therefore of culpa from its most esteemed fund no interest to investors who may be speculating on company takeovers.

The savings shares pay a higher dividend than ordinary voting shares, but with average yields in

Italy between one and 2 per cent, there is not much in a dividend. The Italian market remains obsessed with capital gains, not yields. And the capital gains of 50 per cent and more achieved on many ordinary shares this past year are absent when it comes to

savings shares. Since January a record L11,480hn (\$8.3bn) of capital has been raised on the bourse through new issues and rights issues. The issue of sav-ings shares, which are not convertible into ordinary shares, has accounted for 51.7 per cent of the to-

In the case of the market's single at 17,200. biggest fund raiser, the De Benedetti group, around 40 per cent of the L3,602bn (\$2.6bn) raised, has been through savings shares.

Many of the savings shares are ing badly. A differential of around 50 per cent is generally seen between the prices of ordinary and sayings shares. In the case of Fiat, for example, the ordinary shares were this week trading at around L13,200, while non-convertible savings shares stood at L7,160, a dis-



These companies have been absurd. They have raised far too much and at high premium prices. This is a market for capital gain and investors watching takeovers have absolutely no interest in savings shares. Who wants them? - Guido Rossi

nary shares at L12,500 compared with non-convertible savings shares

Montedison's ordinary shares are trading at L2,870 while the savings shares stand at L1,340.

Mr Guido Rossi, former chairman of Italy's Consob stock market authority, is critical of the companies which have saturated the market with savings shares: These companies have been absurd. They have raised far too much and at high premium prices. This is a market for capital gain and investors

count of 54 per cent. Olivetti ordinary shares at L12,500 compared wants them?

Takeovers or not, the savings shares are clearly unloved, For example, the price of ordinary shares in Mr De Benedetti's Cofide master holding group, has risen by 52.5 per cent since January, while Cofide savings shares achieved a 6.1 per

The savings shares of many companies have simply gone down: the price of Nuovo Banco Ambrosiano's sayings shares is 34.3 per cent down on January, Pirelli's is 7.8 per cent lower, and the Standa Retail conper cent below its January level. time to raise funds in order to canfund raisers have over-estimated

Defending the group's strategy, ery 100 already held. an aide to Mr De Benedetti says that notwithstanding recent flops ings share controvers. the group has this year seen an average of only 10 per cent of total new shares left with underwriters. But the aide concedes that since August the number of problem is-

sues has increased. Despite his claim that 1987 will be a "year of consolidation", rather than more expansion. Mr De Benedetti's various companies are thought likely to tap the Milan hourse for as much as I.I.000hn to L1.500bn next year. To achieve that goal "sweeteners" will have to be added to the issue of savings

Mr Rossi suggests making some of the savings shares convertible into ordinary voting stock. Mr De

cern's savings shares price is 38.3 Cofide, for example, this week an nounced plans for a two tranche This year, the general assumprights and scrip issue to raise tion about 1985 being an opportune L27bn, a relatively small amount which is not actually needed. In this cel old debts and store capital for issue holders of savings shares will new investment was correct but the be able to subscribe one ordinary share for every 10 savings held. The the market's capacity to absorb the shareholders are also being offered 12 new Cofide shares "free" for ev-

> What is really at stake in the savings share controversy is the larger issue of how Italian investors think and reason about share buying. Despite low yields it could be argued that an investor interested in dividend income would do far better to buy two savings shares for the price of one ordinary share and thus double the return.

As long as capital gains fever gov-erns the collective mind of Italian investment, however, this logic will not work. Analysts in Milan believe that as the bourse becomes more selective (one hesitates to use the word "rational"), it is possible that a more Anglo-Saxon approach to share buying as a medium term investment might take hold.

Benedetti prefers another way of winning back the hearts (and lan bourse for many years, how-purses) of his stockmarket follow-ever, doubt that Italian investors ers: bonus share issues which "re- are about to give up their love affair ward" long suffering holders of sav-ings shares. with capital gains and, accordingly, their distaste for savings shares.

Danish bank to open in Madrid

BY OUR FINANCIAL STAFF

COPENHAGEN Handelsbank will tative office will enable us to main become the first Danish hank to set up in Madrid when it opens an office in the Spanish capital at the beginning of 1987...

Cesses. There is no figure reservess, even to distage twocan the sale of digital vis-Mr Soeren Moeller Nielsen, managing director responsible for CHB's international activities, said: Copenhagen Handelsbank already has a considerable volume of business with Spain, and this represen- banking relations.

tain and extend our relations." would also be important to main taining its links with Portugal through a special agreement with the Portuguese Investment Insti-

The head of the Madrid office will be Mr Bent Ditley Jensen of the bank's department for international

Valmet, Nokia to link arms units BY OLLI VIRTNANEN IN HELSINKI

and's leading metal and engineer my as well as hunting and sporting ing groups, plan to merge their re-spective arms and ammunition divi-most head-on with Valmet's sportsions. The new company will be a ing and hunting rifles. 50-50 owned venture by the publicly

wo companies. Valmet's main products are light The joint venture will consist of infantry rifles and ammunition three manufacturing units in Fin-

NOKIA and Valmet, two of Fin- which it supplies to the Finnish ar- land, with a total workforce of 1,000.

The main reason given for the quoted Nokia and state-held Val-met. The combined turnover will be about FM 200m (\$40m), which di-particularly in their biggest export vides almost equally between the markets, the Nordic countries and

If approved by their respective boards the new company will begin

operations on January 1. The move is the latest step in e consistent restructuring programme both at Valmet and Nokia. During the past 12 months Valmet has created a joint lift manufacturing venture with Otis of the US and merged its shipbuilding and forest industry machinery divisions with

Pakistani Lever lifts profits 68.5%

BY MOHAMMED AFTAB IN ISLAMABAD

LEVER BROTHERS, the Pakistani offshoot of the Anglo-Dutch Unilever group, has announced a 68.5 per cent boost in pre-tax profits for

the six months to June to PRs 29.27m (\$1.69m). Growth was achieved in the sale of synthetic detergents and toile-

tries, while marketing competition for soap was described as tough. The profitability of its cooking oil production also improved. Sales were up 14.5 per cent to PRs

The company's long-term loans amounted to PRs 14.29m, up from PRs 10.10m in June 1985. Its current liabilities were given as PRs 180.305m, down from PRs 28,701m. Current assets were PRs 293.463m,

down from PRs 327.374m. has announced a 13 per cent drop in pre-tax profits for its half-year to

The company blamed the decline 64.14m.

on low productivity, increased open ational costs and higher prices for imported raw material because of a

strong dollar. Sales were 384.45m, down from PRs 396.46m in the first six months

Fixed assets at June 30 were PRs Bata of Pakistan, the shoemaker, 143.17m. Long-term debts declined from PRs 20,64m to PRs 9.40m.

The short-term borrowings were down to PRs 43.99m, from PRs

smoot appears at a matter of record only

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Swiss Bank Corporation International Limited Union Bank of Switzarland (Securities) Limited Banque Internationale à Luxembourg S.A.

Commerzbank Aktiengesellschaft

Daiwa Europe Limited Kredietbank N.V. Brussells

Nomura International Limited

Toronto Dominion International Limited Westdeutsche Landesbank Girozentrale

November, 1986

Series 046

U.S.\$6,720,000 Short-term Guaranteed Notes issued in Series under a U.S.\$280,000,000 Note Purchase Facility

Mount Isa Mines (Coal Finance) Limited

Notice is hereby given that the above Series of Notes issued under a Production Loan and Credit Agreement dated 30th March, 1983, carry an Inteerst Rate of 6.5% per annum. The Issue Date of the above Series of Notes is 17th December, 1986 and the Maturity Date wil the 17th June, 1987. The Euro-clear reference number for this Series is 29210 and the CEDEL reference number is 940496.

Manufacturers Hanover Limited 16th December, 1986



The Republic of Italy

For the six months In accordance with the provisions of the notes, notice

Bernard Simon on the lifting of ownership curbs in the Ontario securities industry

Bay Street steels itself for deregulation

ahroad ponder their response to the forthcoming abolition of ownership curbs in the Ontario-based securities industry.

Every financial analyst, banker, stockbroker and journalist has a pet scenario of who will end up in bed together. Theories have proliferated on whether the big Canadian banks will have writing dealers or set will buy existing dealers or set np their own securities sub-aidiaries; whether life insur-ance and trust companies will want a slice of the action; what the likely extent will be of involvement by US, European and Japanese institutions; and finally, which (if any) dealers will merge with one another.

The one thing everyone agrees on is that only a handful of the leading Canadian firms are likely to survive in their present form with no changes in ownership. Merrill Lyncb Canada. 100 per cent owned by its US parent, is considered to be one of the few which fall into this category.

Complete free-for-all

The Ontario Government, which regulates the provincial securities industry and sets the pace for the rest of the country, put the cat among the pigeons in early December. It announced plans to drop all ownership curbs on Canadian investora in the securities business from finance division in New York, next June 30 and to allow a and is beefing-up its mergers complete free-for-all by mid-1988. Outsiders are presently limited to a 10 per cent share-bolding. (Merrill Lynch is one of three US-owned firms for whom a special exception was made when the present ceilings were imposed in 1971.)

The new rules go much

which has cansistently pushed for sweeping ownership reforms, bas become the first to reveal its future plans.

Shearson Lehman Brothers of

New York will lift an existing 10 per cent shareholding in MYW to 30 per cent. An associate company Cemp Investments, which is controlled by the Bronfman family of Seagram liquor fame, will take an additional 20 per cent stake. The two outside sharebolders will contribute CS148m in new equity, raising MYW's capital to C\$210m and making it one of the two biggest Canadian

The process through which MYW has gone to determine its future is probably similar to what is happening in a dozen or more other Bay Street firms.

As one of the more aggressive and internationally Canadian dealers, MYW has recognised that it needs a substantial infusion of capital to compete and survive in the global marketplace. The entire capital of the Canadian securi-ties industry, totalling roughly C\$2bn, amounts to less than tha of one of the big US or Japanese

MYW wants to expand its primary and secondary Euromarkets business. It opened an office in Tokyo last year, is currently setting up a corporate finance division in New York, and acquisitions unit in Toronto. It has taken a first step Into global research by appointing a gold analyst in London. According to Mr Christopher Church, who MYW hired from

Salomon Brothers two years ago to spearhead the revival of its London-based international subfurther than proposals made sidiary. "the major houses are only six months ago, which trying to be all things to all were designed to maintain people. We have to compete, Canadian control of the industional though we're not foolish enough

capital and capability to go anywhere.

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In LBO's, mergers and acquisitions and high-yield

We're growing. In the last few months, we've hired 9

securities, we're already a major factor. And with a huge additional capital commitment, we're positioning ourselves as a principal with the resources to make any size deal happen.

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and co-led another half-dozen EuroCanadian bond issues this year, compared with none in 1984. But it still accounts for only about 2 per cent of new issues in this sector.

At the same time, MYW wants to enlarge its Canadian retail base, which provides a stable and lucrative flow of earnings. Its retail sales force has grown from 90 to 550 in the last few years. The firm presently has 44 retail offices dotted from St John's, Newfoundland, to Medi-cine Hat, Alberta.

TOP FIVE CANADIAN SECURITIES HOUSES

Capital base

Dominion Securities 275m McLeod Young **Wood Gundy** Nesbitt Thomson 125m Burns Fry

MYW canvassed a wide spectrum of potential partners as alguals grew stronger that liberalised ownership rules were on the way. Candian and Euro-pean banks, as well as US and Japanese securities firms were among those which expressed

-choing other Canadian dealers, Mr Tom Klerans, MyW's forthright president, says that one of the firm's highest priorities is to maintain its independence. "We don't want to be the Candian desk of anybody." be says. "While Toronto will never be one of the time-zine markets, there's no reason wby it shouldn't be the first and foreit shouldn't be the first and foremost among others."

The new name is

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Insurance Company of America. A symbol of support for our on-the-move expansion

THE RUMOUR mill on Bay try and to limit the influence of other financial institutions.

Street, the beart of Toronto'a financial district, is turning at full speed as financial institutions in Canada, the US and the street of securities firms which has cansistently pushed and co-led another half-dozen works. All in with a European to believe that we can become an all-encompassing investment the best talent only by retaining their own international networks a link with a European works. All in with a European to believe that we can become an all-encompassing investment the best talent only by retaining their own international networks are all of the control of the control of the best talent only by retaining their own international networks are all of the control of the best talent only by retaining their own international networks are all of the control of the best talent only by retaining their own international networks are all of the control of the their own international net-works. A link with a European bank was ruled out because, according to Mr Kierans, "they wanted to access our business, but not let us access their."
With the exception of Shearson, US firms pressed for an immediate 100 per cent shareholding, or a guarantea that it would be fortheoming.

forthcoming. MYW was also nervour about hitching its star to one of the big Canadian banks because of the danger of a clash of cul-tures between bankers and the more free wheeling dealers with offices just a couple of bundred yards from one another.

MYW hopes that the links with Shearson and Cemp will bring benefits to all three. One example was a publis share offering aeriier this year by the Quebec gold producer Cambior, which MYW led in Canadia, while Shearson was co-ordinating lead manager in Funnager. ing lead manager in Europe. Cemp is likely to take an active interest in MYW's mergers and acquisitions business.

Mr David Hirschberg, Shearson's general counsel, says the Price attraction of MYW is their "superlative people. They're smart, they've got good judgment and they work bard." He expects the two firms to co-operate in a wide range of activities, including trading and administrative operations. Details

are still being worked out. are exp Now that MYW has picked its Toronto. partners, the rumour mongers' gossip centres on the six big the fourth largest bank, made a domestic banks and three of planeering move last nath by the best known Toronto-based using the lax regulatory climate securities dealers—Dominion in Quebec and a loopbole in the domestic banks and three of the best-known Toronto-based securities dealers—Dominion Securities, Wood Gundy and Burns Fry.

The federally-regulated banks acquire a change in Canada's Bank Act before they can take advantage of the proposed Ontario reforms. It seems unlikely, however, that the Federal Finance Ministry will put the banks at a disadvantage the existing dealers too.

The banks face a difficult choice. Acquiring an existing dealer will be expensive and risky. Shearson and Cemp paid out 2.5 times book value for their MVW shares. Canadian securities dealers' margins are expected to narrow as competition intensifies and salaries

THE RESERVE THE PROPERTY OF TH

Protecting the business Mr William Mulholland, chairman of the Bank of Montreal, which would prefer to setup a jaint venture with an existing dealer, says that "What warries me is protecting the business we already have as much as getting new busi-

Furthermore, Royal Bank of Canada's well-publicised problems aver the past few years with its wholly-owned London merchant banking subsidiary Orian Royal Bank have highlighted the difficulty of meshing commercial and investment banking cultures.

Some of the banks have indi-cated that they will try to minimise canflicts and un-pleasant surprises by building up their securities arms from scratch. In daing so, however, they run the risk of being left in the dust by competitors who have joined farces with an existing dealer, and by the powerful foreign dealers who are expected to move into

Bank of Nova Scotia (BNS) Federal law to set up Scotia Securities, a wholly-owned Quebec-registered securities

The rumour mills suggest that BNS may try to get the best of two worlds. Besides forming Scotia Securities, the bank is said to have its eye on one of the critism declaration.

Elders Resources in offer for TMOC

ELDERS RESOURCES, the energy affiliate of Mr John Elliott's Elders IXL, yesterday launched a full market bld for TMOC Resources, the Quensland oil and gas producer known formerly as Moonie Oil.

Among its interests, TMOC

Moonie Oil.

Among its interests, TMOC holds around a 20 per cent stake in Clyde Petroleum, the independent North Sea

operator.

TMOC, in which the bidder already bolds 19.9 per cent, is valued under the offer at some A\$157.8m (US\$104m). Its directors urged a rejection of the bid which they said "grossly undervalues "TMOC."

TMOC."
The offer price of A\$2.55
per share compares with
Friday's closing level of
A\$2.16. The TMOC board
said, however, that recent
brokers' assessments had put
its value higher and that
Elders itself had paid A\$3.25
a share for its original stake
more than a year ago.

more than a year ago.
During 1986 TMOC shares
have managed a peak af
only A\$3.10 and bottomed out at A\$1.55 as world crude prices declined.

TMOC owns and operates the Moonle and nearby fields in the Surat Basin in southern Queensland, which produced 72,800 barrels in the year to June, plus a refinery and a pipeline to the state capital Brisbane.

Erisbane.
Equity holdings also include 46.5 per cent of Parings Mining and Exploration, a London listed Australian minerals explorer. The Clyde stake was acquired in February as the result of a Porties Field deal between the UK company and Texaco

of the US. TMOC made net profits of A57.92m in its year to June, up from A\$5.41m.

Amatil raises earnings and dividend

By Our Financial Staff

AMATIL, the Australian food, heverage and tobacco affiliate of Britain's BAT Industries, yesterday reported a 17.3 per cent rise in net profits for the year to October to A575,38m US\$49.66m) and is lifting its

The payord, in which BAT is entitled to a 41.2 per cent share, is 29 cents per share, for the year, against 25 cents, reflecting a final distribution of 15 cents compared with 13

hanced by A\$2.45m in extra-ordinary credits, as opposed to special debits last year of A\$19.50m. The attributable result at A\$77.83m is thus up 74 per cent. Sales showed a 15.7 per cent advance to A\$1.92bn.

The beverage division achieved substantial gains in both volume and profit but the snack foods side faced intense competition and over-all profit there was lower, Amatil said.

The poultry division again recorded increased profit on the continued buoyant demand for chicken meat while the communications and packaging group con-tinued to record good growth in both sales and profit.

Wah Kwong rescue in jeopardy again

Success just over a month ago in winning support for the US\$850m reconstruction from 44 of the group's 46 main creditors will be reduced to reacht if agreement cannot be nought if agreement cannot be won from Kawasaki Heavy In-dustries and Toyo Menka, who have both supplied ships as The deadline for completion of the reconstruction is Decem-ber 31. well as credit to Wah Kwong.

lose their rights to export in-surance cover provided by Japan's Ministry of Inter-national Trada and Industry (Miti).

(Mitt).

Kawasaki and Toyo Menka have been reluctant to lobby Miti officials on Wah Kwong's bebalf, since a collapse of tha shipowning group would allow them to reclaim from Miti at least 80 per cent of their losses.

Executives from Wah Kwong, with financial adviser Amex

THE YEAR-LONG attempt to rescue Wah Kwong, one of Hong Kong's largest shipowning groups, is yet again in jeopardy as efforts to win agreement from two major Japanese creditors have floundered over the issue of export insurance cover.

Success just over a month ago in winning support for the US\$850m reconstruction from 44 of the group's 46 main winning support to the group's 46 main counterpart the FDIC in the US\$1. Guarantee Department, and its counterpart the FDIC in the US, bave both made concessions to their own creditors which have allowed compromise.

Wah Kwong had hoped that these precedents, coupled with powerful financial reasons for providing a concession wants.

the reconstruction is December 31.

The two Japanese ship-builders have refused to back the rescue plan because they fear that by doing so they will lose their rights to export language.

The deadline for completion of powerful financial reasons for providing a concession, would be of the providing a concession, would be likely to do it agrees that by doing so they will lose their rights to export language. surance claims amounting to

In contrast, Wah Koro argues that a compromise will allow the Miti to claw back at least balf of these liabilities. with any eventual settlements being spread over the next 15

years.
No further direct talks have been arranged with the Miti, but discussions continue this with financial adviser Amex week with executives at Rawa-Asia, beld talks with the Miti saki and Toyo Menka.

Nat Australia in NZ bid

NATIONAL AUSTRALIA Bank 26 per cent and, Broadbank will Zealand retail bank, in a deal worth about A\$29m (US\$19.1m), AP-DJ reports from Melbourne.

The Government Lifo Insurance Corporation of New Zea-land is to exchange the bolding for an issue of 5.2m National Austradia sbares, or some 1.5 per cent of the purchaser's equity. Government Life will

has agreed to acquire a 74 per continua to market Government cent stake in Broadbank, a New Life products. Government Life scowired Broadbank from Fietcher Chai-

lenge almost a year ago and split it into a merchant banking arm. renamed First Governor's Corporation, and the retail banking operation which National Australia Bank is buying. Fletcher Challenge sold Broadbank after it uncovered NZ\$22m (US\$11.28m) in foreign excontinue to hold the remaining change losses.

Bond flotation oversubscribed

subscribed for the 116m shares

THE FLOTATION in Hong Kong of Band Corporation International has closed some its flagship, holds a residential property portfolio in Hong Kong with a total rentable floor area of 1.03m sq ft.

Bond Corporation Holdings, which retains 66 per cent of the company, said in Perth, a total company, said in Perth, a total floor area of 1.03m sq ft.

The group recently paid HK\$1.42bn for the properties, previously owned by Hongkong subscribed for the 116m shares

----- U.S. \$300,000,000 ---



Crédit Lyonnais

Floating Rate Notes Due 1996 Tranche of U.S. \$200,000,000

65/16% per annum

Interest Period

16th December 1986 16th June 1987

Interest Amount per U.S. \$10,000 Note due 16th June 1987

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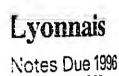
--ember 16 lig

Government Life Broadbank from Rene

Chailenge sold (USSI1.26m) in change losses.

oversubscribed offered at HKL18 ma

0,000,000



\$ \$200,000,000 16th December 1986 16th June 1987

U S. \$319 13 irs! Boston Limited ede Agent



This announcement appears as a matter of record only.



Eni International Bank Limited (incorporated with limited liability under the laws of the Commonwealth of The Bahamas)

U.S. \$200,000,000

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Unconditionally and Irravocably Guaranteed as to Payment of Principal and Interest by

Ente Nazionale Idrocarburi (A Public Corporation of the Republic of Italy)

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Bank of Montreal Capital Markets Limited Banque Panbas Capital Markets Limited

Banque Bruxelles Lambert S.A.

Crédit Lyonnais

Credito Italiano

CIBC Limited

Daiwa Europe Limited First Chicago Limited

DKB International Limited

Memili Lynch Capital Markets

Goldman Sachs International Corp.

Nippon Credit International Limited

Prudential-Bache Securities International:

Mitsubishi Finance International Limited

Swiss Bank Corporation International Limited

Yamaichi International (Europe) Limited

4. . . .

October, 1986

Chase investment Bank

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Régie des Télégraphes et des Téléphones

U.S. \$100,000,00071/4 Per Cent. Guaranteed Notes Due 1990

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BankAmerica Capital Markets Group

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IBJ International Group

Kidder, Peabody International Limited

Kredietbank International Group

LTCB International Limited

First Chicago Limited

Mitsui Finance International Limited

Samuel Montagu & Co. Limited Nomura International Limited

Morgan Stanley International

Salomon Brothers International Limited

Orion Royal Bank Limited

Sumitomo Trust International Limited

Union Bank of Switzerland (Securities) Limited

December, 1986



Chase Investment Bank

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U.S. \$200,000,000

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First Chicago Limited

Kidder, Peabody International Limited Mitsubishi Finance International Limited

Shearson Lehman Brothers International

Union Bank of Switzerland (Securities) Limited

Nippon Credit International Limited

Yasuda Trust Europe Limited

November, 1986



Chase investment Bank

This announcement appears as a matter of record only.



European Coal and Steel Community

U.S. \$108,000,000 81/4 Per Cent. Notes Due 1996

Chase Investment Bank

Dresdner Bank Aktiengesellschaft

Daiwa Europe Limited

IBJ International Limited

Nomura International Limited

Toyo Trust International Limited

Banque Générale du Luxembourg S.A.

The Nikko Securities Co., (Europe) Ltd.

Sumitomo Trust International Limited

Bayerische Vereinsbank Aktiengesellschaft

Bank of Tokyo International Limited

Barclays De Zoete Wedd Limited

Nippon Credit International Limited

Taiyo Kobe International Limited

Shearson Lehman Brothers International

Westdeutsche Landesbank Girozentrale

Crédit Lyonnais

Generale Bank

Manufacturers Hanover Limited Morgan Stanley International

The Nikko Securities Co., (Europe) Ltd.

Bank of Montreal Capital Markets Limited

Banque Paribas Capital Markets Limited

Banque Bruxelles Lambert S.A.

Crédit Lyonnais

Nomura International Limited

Fuji International Finance Limited

Tokal International Limited

Yamaichi International (Europe) Limited



Chase Investment Bank

December, 1986

Share offer by Banca Manusardi

By Alan Friedman in Milan

BANCA MANUSARDI, a small state-owned merchant hank which bandles a substantial amount of foreign investment in the Milan stock market, is to sell 38 per cent of its shares to the public to raise a total of L237.6bn (\$171m).

Sige, the Milan investment banking arm of the Rome-hased IMI state credit institute, is to lead-manage the Manusardi issue, along with a consortium of 32 other Italian banks.

Manusardi, which is chaired by Dr Giovanni Magnifico (a former Bank of Italy counsellor) is at present 95.5 per cent controlled by IMI. The partial privetisation of Manusardi, will controlled by IMI. partial privetisation of Manusardi will see 30m of the 132m shares on offer being add in London by IMI Capital Market UK, the London investment banking subsidiary of the IMI group. This is equivalent to 22.7 per cent of the total issue.

Manusardi, known in Italy as a
"bootique bank" because of
its market niche in fund
management and bourse
activities, yesterday said it
expects 1986 net profits to
more than dooble. Last year's
net profit was 1.22.7hn. Manusardi employs almost 300
people.

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Shorts wins £225m air defence system contract

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SHORT BROTHERS, the Belfast ed Scientific Group, which in turn aerospace manufacturer, has been awarded a £40m (\$50m) awarded a £225m contract by the Ministry of Defence aerospace manufacturer, has been awarded a £225m cootract by the UK Ministry of Defence for the Starstreak high-speed air defence missile system.

The contract will ensure continu-ing employment et the Shorts' Mis-sile Systems Division for about 1,500 workers well into the 1990s together with work for an additional 3,500 to 4,000 workers at sub-contractors throughout the UK.

A further 5,000 jobs will also either be maintained or created in ancillary support activities for the

The sub-contractors include Alvis of Coventry, a member of the Unit-

has been evolved from the company's original Blowpipe shoulder-launched air defence system for sol-diers followed by the more ad-vanced Javelin missile. to supply Stormer armoured tracked vehicles to the British Army, on which the Starstreak will al-

The company said yesterday that the Starstreak was "a quantum leap The deal is the biggest single conforward in the design of close-range air-defence weapons for tract yet won by Short Brothers. It eclipses the value of the order for the Tucano basic jet for the RAF troops on the battlefield.

Sir Philip Foreman, chairman, said the company was already of-fering the Starstreak system to the US Army and it believed that the export potential was "enormous," and could rise to at least \$1.5bn. further consolidating the jobs of The Starstreak, developed initial-ly by Shorts as a private venture, indirectly employed on the project."

Skanska pays \$101m for holding

trainer awarded to the company in

1985, worth over £150m, and also

the initial order for the 18 Sherpa

freighters bought by the US Air Force in 1984, worth over £115m (al-

could raise that figure).

though options on further aircraft

BY SARA WEBB, STOCKHOLM CORRESPONDENT

SKANSKA, the Swedish con-SKANSKA, the Swedish con-struction, property and invest-ment company, has egreed to acquire e stake in JM Construc-tion and Real Estate, with an option to increase its holding in March. The deal is worth about SKr 700m (\$101m).

Handus, a subsidiary of the investment company Industri-vaerden, has agreed to exchange 330,000 A shares in JM for 808,500 new A shares in Skansa, worth SKr 170m (\$24.5m).

Skanska has an option to acquire 1.05m B shares-which have one-tenth of the voting rights—in JM from Handus for

Altogether, Skanska would then have 32.4 per cent of the share capital and 49.7 per cent of the votes in JML

If the option is taken up in March, Skanska may then bid for the remaining shares. Dagens Nyheter, one of the main Swedish daily newspapers. is the other main sharebolder in JM, cootrolling 28 per cent of the votes.

Last year, JM had sales of SKr 2.3m and pre-tax profits of SKr 89m. Its real estate business is concentrated in and around Stockholm, Malmo, and

Both Skanska and JM have more than 50 per cent of their real estate business in the Stockholm area, where prices bave increased by at least 20 per cent in the last year, encouraged by falling interest rates. Rents from Skanska and JM real estate properties are expected to total Skr 1.Shn for 1986, according to analysts.

"With the construction market set to slow dewn, the way for Skanska to expand is through real estate, and JM is a cheep way in to that field," sald Mr Mikael Sjowall, an analyst in Scandinavian companies for

Aegon goes for mortgage bank majority

AEGON, the big Dutch insurance group, may take over the loss-making Dutch mortgage bank, Friesch-Groningsche Hypotheekbank.

Aegon and Postbank, the state-owned bank, both acquired at 25 per ceot stake in FGH in a restructuring last year trig-gered by the mortgege bank's

FGH last mooth when the bank last month's news of unexpected announced unexpected losses of losses over 1986, Aegon said. more than F1 110m for 1986.

Year, plans to expand its ranga of Fi 106m. of mortgage services with FGH's business sector activities, a com-pany official said. He declined to comment on FGH's future

FGH bad earlier this year said Aegon, which expects to put that profits this year would be in a firm bid early in the New similar to last year's net profit

> FGH's first half 1986 net profit was Fl 4.5m, just below Fl 4.7m in first half 1985.

exposure to property loans. prospects.

Each also provided a Fl 50m
(\$21.9m) subordinated loan to FGH's financial situation since months of 1988.

U.S. \$150,000,000

All of these Securities have been sold. This announcement appears as a matter of record only.



81/8% Notes Due 1991

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S.G. WARBURG SECURITIES

WOOD GUNDY INC.

YAMAICHI INTERNATIONAL (EUROPE)

December, 1986

India in moves to stabilise markets

By John Elliott in New Delhi

THE INDIAN Government is preparing legislation to set up a form of securities and exchange commission to regulate the country's stockmarkets. It has also issued permament instructions for public sector financial institutions step into the markets and stabilise "sharp and uncalled-for fluctuations" in share

This was announced in New Delhi last night by Mr Vish-wanath Pratap Singh, the Finance Minister, a week after majer Indian stock ex-changes closed for up to three days to halt a crash in share

Mr Singh also announced Mr Singh also announced at a meeting with stock exchange authorities and bankers that the value of stockmarket capital issues approved by the Ministry in the first eight months of the current financial year to the end November totalled Rs 41.25bn (\$3.17bn). This exceeded the Rs 36.95bn total for all 1985-86 and indicated that the gevernment's 1986-87 target of Rs 50bn would be achieved.

This rapid growth has led

This rapid growth has led the Government to speed up its plans to regulate the mar-kets and exchanges, which have outgrown existing org-anisational and monitoring facilities.

Mr Singh said that the pro-posed securities exchange commission would attempt to curb insider trading which at present is unregulated.
"Something needs to be done," he declared. The com-

mission would also have a development role.

The Industrial Development Bank of India (IDBI), a leading public sector institution, is setting up a stock holding corporation for share deal-ings in public sector institu-tions and this might be ex-tended later to the private

It has been widely believed that these institutions ettempt to stabilise the markets with their dealings, and an announcement a week ago by Mr Rajiv Gandhi, the Prime Minister, that this was hap-pening belped to halt the

recent crisis.

Yesterday Mr Singh speit
out the Government's policy
when he said: "We will be using the public sector financial institutions to keep the stockmarkets in a state of equalibrium." The institutions will step into the market with a view to stabilise it." The judgment about when and how to intervene will be made collectively by the institutions themselves against these broad guidelines.

Dillon, Read makes US appointment

DILLON READ & Co has eppointed Christopher Kemball as a managing director of its US investment banking firm and an executive managing director of its UK affiliate, Dillon Read

Mr Kemball will have joint responsibility for running Dillon Read's London opera-tions with Mr Lorenzo Wiseman, president of Dillon Read Limited.

Mr Kemball, 39, had worked for Kleinwort Benson for 113 years. In his last post he was vice chairman of Kleinwert's US bolding company and responsible for Klein-wort's operations in New

Investcorp oversubscribed

A SHARE offering for Arabian Investment Banking Corporation, the Bahrainbased investment bank known as Investcorp, has closed substantially oversubscribed.

The offering, to existing shareholders through a rights Issue and to Institutional investors in Bahrain, Saudi Arabla, Kuwait, United Arab Emirates, Qafar and Oman, has increased investrorp's shareholders funds from \$59m at the end of 1985 to \$120m.

IBM South Africa AN ARTICLE in the Finan-cial Times on Nevember 27 stated that IBM South Africa had been sold by the parent company to local management. It has in fact been sold to a trust which is being estab-lished for the benefit of all employees, which is being managed by present manage-

Mondadori

AN ARTICLE in the Finan-cial Times on September 25 referred to Mr Carlo De Benedetti as owner of Men-dadori. We wish to make clear that the controlling shareholding in Mendadori is beld by the Mondadori and Formenton families. Mr De Benedetti has a 16 per cent indirect sharebolding withoot management control.

Export Finance of Norway makes sole dollar issue

THE EUROBOND market was getting into gear for a quiet run-up to Christmas vesterday. Only one new dollar issue, e \$100m deal for Export Finance of Norway led hy LTCB International, emerged during the day.

The early weakness in the US Treasury market and the prospect of US economic figures which are doe to be amnounced this week, and also seasonal factors, deterred other houses from launching new bonds. The new issues market is likely to remain quiet till the New Year, spart from ection generated by those houses seeking a last minute boost to their league table positions.

The 7t per cept for a quiet quoted at a locked hid and offer price of 995.

Morgan Stanley increased from A335m to A340m, traded at a discount to issue price of 1½ per cent on the hid side, the price of 15 total fees. Herabrog lank led the deal.

In the D-Mark market, prices dropped by about 1 point in thin deal did not trade widely but into a floating rate note. The deal did not trade widely but a floating rate note. The line Swiss market trading was more buoyant and prices firmed slightly. A SP 175m 5 per cent for the Inter-American Development Bank closed its second day's trading 1 point in the new issues market is likely to remain quiet till the New Year, spart from ection generated by those houses seeking a last minute boost to their league table positions.

The 7t per cept for a quiet quoted the at a discount to issue price of 1½ per cent on the hid side, the price of its total fees. Herabrog lavel of its total fees. In the D-Mark market, prices dropped by about 2 price of its total fees. It is developed by about 2 price of its total fe

for Export Finance of Norway, priced et 101½, was launched at a yield margin over US Treasury bonds of 56 hasis points, narrowing during the day as the US Treasury market week. the US Treasury market weak-

The 71 per cent five-year deal

Dealers said the terms were ket, a three-year deal for GMAC Sales. The aggressive, even for a triple A Australia which was increased a 44 per ce rated borrower, in yesterday's after its launch last Friday issue price.

In the equity warrants mar-ket, Daiwa Europe reduced the coupons on two recent five year deals for Jepanese borrowers
by the per cent to 3f per cent.
The deals were for Kajima Corporation and Meiji Milk Products, which traded yesterday
at 106f and 107f bid
In the Australian dollar mar-

borrowers. The coupons on both Schroder's SFf 50m deal for Nippon Gas, and UBS' SFr 120m deal for Dawa Koshe Lease, were set at 2‡ per

cent. Mitsui Finance (Switerland) announced at SFr 30m note issue for Mitsui Real Estate Seles. The five-year issue has a 4% per cent coupon and par

Cannon agrees debt extension

which earlier this year became the biggest film exhibitor in Britain through its acquisition of the ABC cinema chain, awarted possible insolvency yesterday when it agreed a debt extension from Bond Corporation, the Australian media contemps contemps and the Manufacture of the Australian media contemps contemps and the Manufacture of the Australian media. enterprise controlled by Mr EMI's cinema interests, how-Alan Bond. EMI's cinema interests, bow-ever, Cannon's financial position

Cannon's debt problems and stock market standing have

CANNON GROUP, the contro- Cannon retained outstanding non would fail to meet the versial US-based film company debts to Mr Bond totalling more payment to Bond Corporation due yesterday. This was made up of £53.3m.

Yesterday's agreement gives Cannon a further five days to originally doe for payment yesterday, plus a balance, denominated in dollars, of pay the £53.3m, which is now due on December 19, and extend for four years the additional \$30.6m, which was originally due to be paid next year to the Royd Group. \$30.6m, which had to be paid in the first half of 1987. Since this purchase of Thorn Bond Group.

In exchange for the delay, Bond has been granted 500,000 warrants to purchase Cannon stemmed from its purchase of declined precipitously, due Bond has heen granted 500,000 the ABC chain from Mr Bond partly to an investigation by the for £175m (\$1229m) in Mey Securities and Exchange Comthis year, just one week after mission into the company's at the price of \$16 per share. Mr Bond had acquired the accounting practices. As a result if fully exercised, the warrant there has been widespread converse from Thorn EML As a result of this transaction, cern in recent weeks that Canover 5 per cent in Cannon.

FT INTERNATIONAL BOND SERVICE

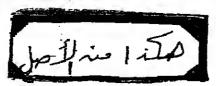
Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on December 15

67/MER STRAIGNTS

AB Electrobus 1472 90 AS 50 100 100 AG 1 197 194 957₂ 1987₂ 927₂ 1987₄ 987₈ 1977₈ 1987₄ 1987₄ 1987₄

FLOATING RATE

nds: The yield is the yield to redemption of the



1804 1804 183¹2 96¹3 181⁷5 98⁵3

c extension D SERVICE

22.500,000 Shares A stech Chemical Corporation Common Stock Shearson Lehman Brothers Inc. Goldman, Sachs & Co. This portion of the offering was offered in the United States by the undersigned. 18,000,000 Shares Goldman, Sachs & Co. Shearson Lehman Brothers Inc. Drexel Burnham Lambert The First Boston Corporation Dillon, Read & Co. Inc. Bear, Stearns & Co. Inc. Hambrecht & Quist Kidder, Peabody & Co. Merrill Lynch Capital Markets Montgomery Securities Morgan Stanley & Co. L. F. Rothschild, Unterberg, Towbin, Inc. Prudential-Bache Robertson, Colman & Stephens **PaineWebber** Smith Barney, Harris Upham & Co. Wertheim & Co., Inc. Dean Witter Reynolds Inc. Salomon Brothers Inc A. G. Edwards & Sons, Inc. Allen & Company William Blair & Company Rothschild Inc. Thomson McKinnon Securities Inc. Oppenheimer & Co., Inc. Bateman Eichler, Hill Richards Robert W. Baird & Co. Arnhold and S. Bleichroeder, Inc. Advest, Inc. J. C. Bradford & Co. Dain Bosworth Sanford C. Bernstein & Co., Inc. Blunt Ellis & Loewi Incorporated Furman Selz Mager Dietz & Birney
nce Legg Mason Wood Walker Eberstadt Fleming Inc. Foster & Marshall Inc. Doft & Co., Inc. Janney Montgomery Scott Inc. Ladenburg, Thalmann & Co. Inc. Cyrus J. Lawrence Neuberger & Berman Moseley Securities Corporation Morgan Keegan & Company, Inc. McDonald & Company The Robinson-Humphrey Company, Inc. Stephens Inc. Prescott, Ball & Turben, Inc. The Ohio Company Wheat, First Securities, Inc. Tucker, Anthony & R. L. Day, Inc. Stifel, Nicolaus & Company Sutro & Co. George K. Baum & Company Boettcher & Company, Inc. Branch, Cabell and Company The Buckingham Research Group Burns, Pauli & Co., Inc. Brean Murray, Foster Securities Inc. The Chicago Corporation B. C. Christopher Securities Co. Butcher & Singer Inc. Carolina Securities Corporation Crowell, Weedon & Co. Eppler, Guerin & Turner, Inc. R. G. Dickinson & Co. Craigie Incorporated Howard, Weil, Labouisse, Friedrichs Hamershlag, Kempner & Co. Gruntal & Co., Incorporated First Albany Corporation Johnston, Lemon & Co. Johnson, Lane, Space, Smith & Co., Inc. Interstate Securities Corporation Morgan, Olmstead, Kennedy & Gardner Parker/Hunter Needham & Company, Inc. The Milwaukee Company R. Rowland & Co. Raymond, James & Associates, Inc. Rotan Mosle Inc. Rauscher Pierce Refsnes, Inc. R. C. Stamm and Company Seidler Amdec Securities Inc. Smith, Moore & Co. Scott & Stringfellow, Inc. Swergold, Chefitz & Sinsabaugh, Inc. Wedbush, Noble, Cooke, Inc. Underwood, Neuhaus & Co. This portion of the offering was offered outside the United States by the undersigned. 4,500,000 Shares Goldman Sachs International Corp. Shearson Lehman Brothers International Credit Suisse First Boston Limited Commerzbank Aktiengeselischaft Crédit Industriel et Commercial de Paris Banque Indosuez Ersel S.P.A. IMI Capital Markets (UK) Ltd. EBC Amro Bank Limited Daiwa Europe Limited Nomura International Limited S. G. Warburg Securities McLeod Young Weir International Limited Morgan Grenfell & Co. Svenska Handelsbanken Group Swiss Bank Corporation International Limited Société Générale Vereins- und Westbank Aktiengesellschaft Union Bank of Switzerland (Securities) Limited Swiss Volksbank

ECC beats forecast with 21% rise

last February, provisions in respect of the 50 per cent stake in Horizon Exploration, and meets certain rationalisation

At the operating level, three of the group's four on-going

Engish Chine Clays, the Cornish based clay, quarrying and construction group which is currently making a £140m hostile bid for housebuilder Bryant Holdings, yesterday lived up to its forecast last month, producing pre-tax profits and a steady shift towards coated paper. The company is writing off £16.6m as an extraordinary item. That covers the winter costs of its leisure division before its sale lessure division before its sale last February, provisions in divisions advanced. The international side—formerly called clay—turned in pre-interest in profits of £61.4m against £52.6m last year. According to chairman Sir Alan Dalton, the company is benefiting from continued demand for clay pigments and a steady shift towards coated paper. The cramics side proved less exciting, but made steady progress. The quarries division, generally, felt the impact of poor weather at the start of the year, but managed to turn in an operating posit of £24.4m (£21.6m).

ating posit of £24.4m (£21.6m). On the construction side, 1,112 homes were sold,---10 per cent np on the previous year—pre-dominantly in the South and around two-thirds to the secondtime buyer market. Profits here

rose from £5.75m to £7.5m. In 1986/87, ECC is looking for was £41m.

1,200 completions. Sir Alan Dalton said yester-

Less bappy was the Inter-national Drilling Fluids busi-ness where depressed conditions East caused profits to fall by almost £2.8m to £3.5m. The business has seen some signs of recovery in the US recently, said Sir Alan, and there is no intention to dispose of it.

Comparison of the overall profit figure is distorted by tha sale of four businesses, plus the disposal of the entire leisure division to Rank during the year. Together, these sub-sidiaries contributed profits of £4.9m in 1984-85, compared with £181,000 in 1985-86. Total

stake in Horizon, the oil services business, "was at an advanced stage of negotiation for sale," and in the extraordinary item ECC has made a £12m provision in respect of the holding.

The total group and net interest item fell from £15.2m to £6.4m, belped by tha impact of cash received from disposals on the balance sheet. The tax charge was £32.3m (£27.9m).

The final dividend goes up from 7p to 8.25p—making 12.5p (11p) for the year.

Carlton benefits from prolific advertising

Carlton Communications, tele-ision and photographic produc-of television facilities in France this year exceeded those ion facilities, has continued to Europe, and was now a leading in the UK. Other major orders vision and photographic production facilities, bas continued to benefit from the proliferation of television advertising in the UK, and group pre-tax profits climbed by 57 per cent from £12.01m to £18.81m in the year to September 30 1986. Turnover was bigher hy 53 per cent at

£58.27m compared with £38.14m. Both figures were records. Mr Michael Green, the chairman, said yesterday that all

for around £10m in cash.

Weir, a designer and installer

of beat exchange equipment for

contribution to its profits should come from a source which it does not control. In the year

to December 27 1985 its share of

Delas-Weir's after tax profits

The proceds of the disposal will be used to acquire other

engineering businesses.

satellite transmission company. The company had gained a strong foothold in the US facili-

ties market with the acquisition of Complete Post, one of the leading post production facili-ties in the television programme market. Clients included Columbia, MGM, Paramount, Warner Brothers and the four major US television networks. parts of the company performed He said Europe had become well. Carlton had maitained its an important market for its

had been received from India and West Germany, A sub-sidiary, Abekas Video Systems, had received an Employers, had received an Employers in outstanding achievement in engineering development. This company recently opened an

office in Sydney. Mr Green added: "In view of the importance of the United States to the company, Carlton Intends to make an offering of

be admitted for quotation through the NASDAQ

The final dividend is being raised from 4.05p to 5.4p for a total of 8p net (6p), and stated earnings per 5p share were 46 per cent higher at 44.7p (30.6p), and 70.9p (30.6p) after an extraordinary credit of £7.5m, part profits of the publishing business.

MAI offer for LCAH Weir sells Weritram for not to be referred £10m cash

BY CLAY HARRIS

Weir Group, the Glasgow engineering company, is disposing of its wholly-owned subsidiary, Weritram, to Alsthom, The Department of Trade and the French engineering group, Industry said yesterday that the £35.8m offer by MAL parent of poster contractor Mills & Allen, for London and Continental Advertising Holdings Weritram's principal asset is a 35 per cent stake in Delas-

would not be referred to the Monopolies and Mergers Comthe French power generation industry. Welr now considers it "unsatisfactory" that a large The clearance was conditional on MAI completing planned dis-posals of poster sites to two other contractors, Maiden and Primesight. Arthur

The two companies together

THE TAKEOVER bid involving private Griffin Group, to take Britain's two largest outdoor poster contractors will be which operates in the poster allowed to proceed.

LCAH said last night that it was studying the situation with its financial edvisers, Kleinwort Benson. Before the change of directors, the LCAH board had said that it preferred the MAI offer but was worried about a possible Monopolies reference. MAI owned 24.6 per cent of LCAH before the rights issue and has raised its holding to about 26 per cent of enlarged share capital, Mr Clive Hollick, managing director, said yester-

have more than 40 per cent of the roadside poster market.

The DTI also eleared a rival MAI at 428p, unclianged, its plan by Piccadilly House, UK 27-for-100 alternative values investment arm of Australia's LCAH shares at 115.5p.

Counter bid for Property

Property & Reversionary Investments (P & R), which earlier this month announced plans to merge with Lynton Holdings, revealed yesterday it had received a bid approach from Speynawk, another pro-

& Reversionary

Mr Kenneth Rubens, chair-man of P & R, said the Speyhawk proposal, for a sbare offer backed by a 300p per share cash alternative, was an acceptable. He atknowledged however that the Speyhawk approach made a few weeks approach pad persuaded his company. ago, had persuaded his company and Lynton to speed up merger talks which had been going on since the summer. Speyhawk expressed disappointment that its approach had been rejected.

This announcement appears as a matter of record only



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Fukuoka, Japan

YEN 6,000,000,000 **Multi-Currency Syndicated Credit**

> Lead Managed by **Banque Worms**

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Pierson, Heldring and Pierson (Hong Kong) Limited

Participants

Al Saudi Banque (A.S.B.)

Arab Banking Corporation (B.S.C.) Banco Atlántico, S.A.

BRED - Banque Régionale d'Escompte et de Dépôts



December 1986

Steetley talks with Nottingham terminated

TALKS AIMED at an agreed merger between Steetley and Nottingham Brick, two of Britain's biggest manufacturers of quality facing bricks, have been ferminated, both companies revealed yesterday.

panies revealed yesterday.

Shares of Nottingham Brick dropped 34p to 278p following the news, after racing ahead to a record 340p in early dealings, while those of Steetley closed 5p higher at 460p.

The Steetley board said the talks were terminated "in the light of the further sharp upward movement in the mice of

light of the further sharp up-ward movement in the price of Nottingham Brick ordinary shares and of the unwillingness of the board of Nottingham Brick to discuss merger pro-posals constructively and at a price for shares of Nottingham Brick which steetley regards as reasonable."

reasonable."

The Nottingham board said it was "unanimously of the view that there are no significant advantages to Nottingham arising from a inerger of the two companies" and that the interests of Nottingham were best served by it remaining transmingtransmining.

independent. Nottingham had shown substantial growth in prefitability over the past four years and believed prospects were excel-lent, the board said.

Prior to news of the bid discussions, announced on December 3, Nottingham Brick shares ber 3, Nottinghim Brick shares were quoted at 222p. By Friday last week the share price had risen to 308p, having been as low as 160p earlier in the year. Last Thursday Nottingham Brick unveiled pre-tax profits for the year to September 30 of £2.71m, up 11.7 per cent on the previous year's £2.43m, on turnover 8.8 per cent higher at £11.7m. The final dividend was increased to 8p a share from increased to 6p a share from 4.5p ,making a year's total of 8p, against 6.5p.

Brierley lifts Equity Law stake

IEP Securities, which is part of the Brieriey group of com-bahies, has illereased its stake in Equity and Law Life Assurance to 17.16 per cent—at a total cost of around £50m this is the New Zealand company's third largest UK investment. Two weeks ago JEP announced that it had an 11 per cent stake

SE bars Westland from amending its Articles

THE Stock Exchange Council lish true ownership, this prohas barred Westland from cess usually takes several making an amendment to its weeks.

Articles of Association which would make it easier to disenfranchise "mystery" shareholders operating through nominee funds.

Westland the hallowster to stop shareholders from vot-

The second secon

Westland, the helicopter manufacturer, made the proposal ss a result of the difficulties it had in discovering who swited its shares during the political storm over its reconstruction one year ago. A Stock Exchange inquiry

into share dealings in Westland cleared the company of any breach of the Takeover Code or Exchanga roles last April. However, Westland said yesterday that it would have faced less pressure during the crisis if it had been able to quickly establish the beneficial owners behind five nominee funds.
Although Westland was able to use Section 212 of the Companies Act to attempt to estab-

ing if they bought thair shares just a few days before its vital sharebolders' meeting last Feb-

ruary. Westland was surprised by the Stock Exchange decision because it believed that the Exchange's investigation had suggested a similar remedy. Mr John Teague, a company spokes-man, said yesterday: "It was a measure we wished to introduce to counter the criticism levelled at us during the reconstruction. We thought we were doing it at the suggestion of the Stock

However, the Stock Exchange believes that the powres to disenfranchise being claimed by

Westland are far too sweeping.
"They wanted to shoot first and
ask questions later," said one

The Stock Exchange appears to believe that any change should come through an amend-ment to the Companies Act to allow for speedier discovery of beneficial ownership or easier disenfranchisement if it is

Westland has agreed to drop its plan which was due to go before shareholders on January

 A meeting of stareholders in Stothert & Pitt the Bath-based engineering group yesterday agreed to the takeover by Mr Robert Marwell's Hollis Group. Hollis had agreed with the Stothert management a survival plan which gives Hollis 77 per cent of the enlarged equity in return for £4m. Midland Bank has also subscribed for £1m of new preference shares. new preference shares.

USH climbs back into profit

(8.5p). The company also antinunced that its subsidiary, Alvis, had been awarded a £40% defence contract to supply Stormer armoured tracked vehicles to the British Army for the Star-

comment

Has United Scientific at last turned the corner? It better had, or buyers who took the the basis of yesterday's ebul-lient statement will want to streak guided weapon pro- lient statement will want to braining. Other contracts won know the reason why: heaven

United Scientific Holdings, in the last two months exceed the defence contractor which fell into the red by nearly \$\(\) in the US, the second half little enough room for slippage. In the US, the second half little enough room for slippage. In the US, the second half little enough room for slippage. There are, however, grounds with a US subsidiary, has reported second half pre-tax profits of \$4.2m and a year-end figure of \$5.2m.

This is a \$88 per cent fall \$2.8m and minority interests from last year's profit of \$4.2m and minority interests from last year's profit of \$4.2m and minority interests to some modest across-the-board grogress and a cut in the interest charge could well proceed to the \$10.1m. But \$1 Frank Cooper, chairman, forecast a "significantly better" performance in ing lower attributable profit of 1987 and announced an increased final dividend of \$3.8p (\$5.5p).

The company also into the last two months exceed knows, the historic price/earnings ratio of 225.7 leaves little enough room for slippage. There are, however, grounds for cantious optimism. Merely the extinction of losses in the US will add \$4\text{int} to pre-tax took \$2.2\text{int} and minority interests board grogress and a cut in the interest charge could well proceed to the \$1.0\text{int} and \$1.1\text{int} (£3.5\text{7m}), leaventh in \$1.2\text{8m} and announced an increase \$1.1\text{6m} (£3.5\text{7m}). Earnings per share fell from \$1.7\text{pt} to 0.7\text{pt}. demanding in the light of USH's recent performance, it could be under-rating the prospects for the following year, when USH's target figure of £15m would drop the p/e to under 9. That, however, is taking a lot on trust, and there is a strong body of opinion which says that the new-look USH has yet to earn it.

DIVIDENDS ANNOUNCED

	ance to 17.16 per cent-at a	Date Corres- Total Total
	total cost of around £50m this is	Current of sponding for last
1	the New Zealand company's	payment payment div year year
	third largest UK investment.	
١,	Two weeks ago JEP announced	
	that it had an 11 per cent stake	English China Clavs 8.25 — 7 12.5 11
1		(Halas)
1		Holians & Marchant 19 _ 11 3.15 1.1*
١	MOUNTLEIGH GHOUP (pro-	
i	perty investment and develop-	
1	ment): Interim dividend 6p	
Į	(3p) for six mentile to October	Richards
Ì	31 1986. Rental Income £4.08m	
ı		
ı	(£2.25m); pre-tex profit £13.04m (£2.32m) and tax that gel	Buttabas A and Lane on Land dat of ord man
Į		Dividends shown pence per share net except where otherwise
١	£4.6m (£480,000). Earnings per	
ı	share basic 66.58p (24.48p). Pro-	
ı	posed 5-for-one scrip issue.	2 Unquoted stock.

Reuters' tender oversubscribed

Reuters' tender for up to 5.1m shates of Instinct Corpora-tion, the US securies dealing system group, has been over-subscribed with shareholders tendering a total of 7.96m shares.

Reuters is offering \$8.50 (£5.98) cash for each share, which amount to 45 per cent of Instenet's equity. In the merger planted after completion of the tender the femalining shareholders will be offered \$8.50 worth of Reliters shares (in ADR form).

This adventisement does not constitute an invitation to any person to subscribe for or purchase shares, capital of Hoskyns Group plc to be admitted to the Official List.

HOSKYNS GROUP plc

(Registered No 943935; incorporated in England under the Companies Acts 1948 and 1967 and re-registered as a Public Limited Company under the Companies Act 1989)

Hoskyns Grötip plc ("the Company") is a computer services company operating mainly in the UK and employing over 1,600 people, including over 1,200 professional staff. Hoskyns' professional services range from consultancy advice on the strategic planning of information systems to turnkey solutions, where the Company takes prime contractual responsibility for the supply of an entire information system including hardware, application software and implementation. The business also includes facilities management and life in the technology related education.

Placing

J. Henry Schroder Wagg & Co. Limited

of 9,134,020 ordinary shares of 5p each at 128p per share payable in full on application

Share capital

52,400,000

ordinary shares of 5p each

Issued and to be ssued fully paid £1,826,804

J. Henry Schroder Wagg & Co. Limited has placed 9,134,020 ordinary shares as to 75 per cent. through Hoare Govett Limited and as to 25 per cent. through Schroder Securities Limited as part of the Placing arrangements.

Particulars relating to the Company are contained in new issue cards circulated by Extel Statistical Services Limited and copies of the Placing document may be obtained during normal business hours, up to and including 30th December, 1986, from:-

J.Henry Schroder Wagg & Co. Limited 120 Cheapside, London EC2V 6DS

Hoare Govett Limited 319-325 High Holborn, London WCIV 7FB

Hoskyns Group plc Hoskyns House, 130 Shaftesbury Avenue, London WIV 7DN Schroder Securities Limited

120 Chèapside, London EC2V 6DS and, during normal business hours on 17th and 18th December, from:-

The Company Announcements Office. The Stock Exchange, Throgmorton Street, London EC2P 2BT

16th December, 1986

-ecember 16 14

Westland are in the ask questions like.

They wanted to be a sask questions like.

The Stock Endow to believe that he should come through a should come through a should come for specific predictions of the company of the should come for specific predictions.

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Westland has abel
its plan which was before shareholden a

A meeting of that a congineering give to a congineering given which gives have also subscribed in oew preference than oew preference than

ed knows, the history earnings ratio of his little enough rounds; and There are, however, to for cautious optimes; the extinction of his to for cautious optimies;
the extinction of least the extinction of least fith of the group were at the control of the group were at the following the fit of the group were at the following the property of the fit of the group were at the following the property of the fit of the following the property of under-rating the put, the following year, the target figure of the drop the p/e to missing the p/e to the drop the p/e to the nowever, is taking the same to be a solid there is body of opinion white Le new-look USH by

earn it.

Reuters' tende Oversubscribed Reuters' tender & 5.13 shares of Insting

tion, the US security

system group, has be subscribed with all tendering a total of SAATES. Reuters Is offere £5.93) cesh for each and amount to 45 per andre s equity, la in: planned stepacy, many planned site complex (i.e. i.e.der the remains; i.e. i.e.ders will be offer with of Reuters & ADR form).

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Unusual scheme for longer-term hedging

The issue price has been fixed by using a modified form of the Black and Scholes option pricing model and a market-hased discount rate. The Fleming Mercantile investpricing formula also assumes that the historic volatility of the FT-SE 100 index will remain ment Trust, one of the 15 largest investment trusts with about £300m of net assets, yesterdey responded to the con-tinuing threat of predalory action by announcing an un-usual scheme involving the issue of £15m of warrants.

Taking into account the interest and dividends fore-gone, the index would have to rise by an average of about 7.5

Clive Wolman on Fleming Mercantile's latest response to shareholders complaints

'The issue may prove attractive to portfolio managers who have complained of the limitations of the present options and futures contracts on the UK equity market'

nolder is a basic rate taxpayer.
On that basis, the price should be about 26 per cent of the exercise price. Although the oewness of the concept may depress the price slightly.
Robert Fleming merchant bank, S. G. Warburg and Credit Siusse First Boston are buying and distributing the issue and paying 22 per cent of the exercise price. If, however, the

unchanged throughout the next per cent per year compound five years and that the warrant-during the next five years to holder is a basic rate taxpayer. hreak even. Tha trust will aim

INVESTORS who are fearful
of missing out on a renewed
built market in UK equities over
the next five years are being
offered their first chance to buy
a long-dated option on the FTSE 100 share index.

1,600 at the end of the five-year
period, the warrants would
period, the warrants would
resold to investors is above 25 in effect, to liquidate the companies, the trust is entitled to
claw back some of the profits, years, the trust gradually shifted
The warrants will be traded on
the Luxembourg atock extowards small and unquoted
change. formance continued to be dis-

appointing. Net asset value rose by 145 per cent in the five years to December 1, compared with an average of non-specialist trusts of 175 per cent. Recently, the discount of its shares to oet asset value has

narrowed to 14 per ccnt, com-pared with a sector average of more than 20 per cent, reflecting the rising expectations of a liquidation. The trust has two lerge end potentially hostile, shareholders, British Empire Securities and General Trust with 10.3 per cent and the Knwaiti Investment Office with

The latest proposals mean thal if the UK alock market falls or barely rises over the next five years, the trust should outperform the average, because of the injection of edditional cash from the warrantholders. However, if the index rises strongly, the dilution effect from the exercise of the warrants would probably lead to an underperformance. In

wasters max year, reported year-end pre-tax profits of £4.47m, against last time's losses of £3.96m.

Mr John Clay, chairman, pointed out that pre-tax profits rose by 24 per cent from £3.68m if the 1985 lossee from Forgemasters were excluded.

In the year to end-September 1985, JFB's involvement with

Forgemasters left it with an attributable loss of £25.75m, having wiped out its pre-tax profits from the group's ordinary activities.

Gills Pressure Castings, where

serious financial irregularities tesulted in a total of £1.7m losses over several years, has been sold for a nominal sum, said Mr Clay,

A writ has been issued against Gills former suditors, Howard Tilly and Co, seeking damages in connection with the suditing of the company's eccounts in

masters were excluded.

JFB moves into black

Johnson & Firth Brown, the Sheffield-based metala and engineriog group which wrote down its involvement in the loss-making Sheffield Forgemasters last year, reported to the loss of 5p. In July the group paid half the

with £4.5m for year

board has hinted that it may take further action.

For example, Slock Exchange rules permitting, it may huy hack the existing watrants at a premium and issue new ones al a higher level of the index. Al the same time it would progres sively shift the eotire portfolio ments of the FT-SE-100. This would permit a simple conver sion to cash and liquidation of the company after five years.

While the innovative proposals are likely to be welcomed by shareholders, it remains doubtful whether, by themselves, they can placale the dissidents in the longer term

However, the issue may prove attractive to portfolio managers who have long complained of the limitations of the present options and futures contracts on the UK equity market. Their main complaint is that the explry dates ere less than 12 mooths, making them difficult to use as part of a longer-term hedging or other strategic management policy. The Fleming Mercantile warrants will for the first time permit them to take a five-year stance

Larnings per share rose to 2.9p from last time's loss of 5p. In July the group paid half the arrears oo preference share dividends at 16.575p. Final payment to bring these up to date will be made on January 9 at 27.625p.

At February'e AGM directors will propose a cominal dividend payment on ordinary shares of 0.25p.

JFB'e shares softened 2½p yes-terday to 3½p oo news of re-duced demand in some of the group's businesses. That joit

stressing that order books had softened only slightly—these figures give grounds for cantious optimism. JFB is unlikely

apart—and the company

comment

A. Lee held by US restrictions

DESPITE a fall from 176.61m Bright Bars made further proper cent and also dented to 173.38m in turnover, pre-tax gress towards recovery and comestic prices on the hright profits of Arthur Lee & Sons, achieved an enhanced profit; bar side. To compensate, Lee manufacturer of steel and Lee Steel Strip falled to metch has puehod up European sales and plastics, last year's performance, but in were up by 1391.000 from 12.9m recent months had shown a conon the dollar front—are currently a-plus. Even so, exports

The 1,625 warrants are being

Issued at a minimum lender price of £8.737.82 and will raise at least £14.2m. The warrants mey be exercised et any time during the next year, giving the

warranthoider the cash value of

a portfolio of shares represent-lng precisely the FT-SE 100 index. The exercise price is £40,000, representing a total of

£65m. The latest closing time for the tender offer is tomorrow

The value of the assets chenges in line with the index. If the index rose by 100 per ceot in the next five years,

when all the warrants were exercised, the cash payments

(Wcdnesday) 4.00 pm.

The reducilon in turnover was partly as a result of the sale of J. A. Hemming in the preceding year, but to a greater extent due to the imposition of quotas in the US market.

The directors stated that the improvement in profit was and earnings per share were achieved in spile of the quota f8.69p (£7.4p). The proposed restrictions and movements in the dollar/sterling exchange making a lolal of 2.6p (2.1p).

excess of £500,000. In the steel division, Lee export volume there by over 60

BY RICHARD TOMKINS

It will be one of the biggest compaoies yet to take advantage of the raising of the limit on

from £5m to £15m.
J. Henry Schroder Wagg, the

Granville & Co, Limited 8 Lovat Lane, London EC3R 8BP Telephone 01-521 1212 Member of FIMBRA

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very good result.
Operating profits were £3.64m
(£3.7m) of which steel and related products accounted for £3.5m (£3.42m) and plastics £136,000 (£278,000). Tax charged was £581,000 (£587,000)

tate which, in comparative terms, affected the results comment adversely by an amount in Steel suffered

Steel suffered a full year of US restrictions, which reduced

It was acquired by Martin

Chango div. (p) %
d — 7.3 S.5
id — 10.0 S.5
id — 10.0 S.5
id — 14.2 1.7
i +1 4.5 2.2 1
2.8 2.1
i — 15.7 15.7
i — 15.7 15.7
i — 10.7 12.0
i — 38 4.2 2
i — 38 4.2 2
i — 10.7 12.0
i — 10.7 12.0
i — 38 4.2 0
i — 17.0 4.8 10.1
i — 12.6 14.2
i — 38.4
i — 17.0 4.8 10.1
i

Granville Davies Coleman Limited 27 Lovat Lane, London EC3R 8DT Telephone 01-621 1212 Member of the Stock Exchange

profits of Arthur Lee & Sons, achieved an enhanced profit; manufacturer of steel and Lee Steel Strip falled to metch has puchod up European sales and products and plastics, were up by £391,000 from £29m to £3.29m following a sharp reduction io loterest charges, down from £309,000 to £363,000, fin the year to September 30 in the year to September 30. The group's rope making the steel division's sales, compared with close to 40 per cent last year. Better news in the hardening of prices on the sales were good result.

The reduction in turnover was partly as a result of the sale. artempts to claw back the squeeze around 6 per ceot—on the bright bar side. Plastics looked disappointing, after major telecommunications and medical customers cut back, but a new divisional MD has been appointed. Gesriog is now under 10 per cent and more acquisitions on the plastics side look likely. If the company makes £4m next year, tha shares—unclanged at 66p—are on e p/s of 7 (assuming 30 per cent tax), which looks decidedly

Hoskyns valuation is £46.8m

Moskyns, a British computer flotation, is placing 9.1m shares, services company at present representing 25 per cent of wholly-owned by Martin Marietta, the US aerospace and information technology group, is being floated on the London stock market at a capitalisation of £46.8m.

Marietta, tha distributor of its products in the US, in 1975, but operated as an autonomously managed unit within the Martin Marietta Data being floated on the London stock market at a capitalisation of £46.8m.

Marietta, tha distributor of its products in the US, in 1975, but operated as an autonomously managed unit within the Martin Marietta Data Systems division.

Pre-tax profits have risen from £4.7m in 1982 to £4.5m in the US.

Hoskyns was founded in 1964 the year to last October on by Sir John Hoskyns, now turnover up from £26.5m to director geoeral of the Institute £67.7m. the maximum value of placings of Directors, to provide an independent computer consultancy service to British industry.

lngs on the current actual tax chargo of 39.6 per cent. Brokers to the issue are Hoare Govett and Schroder

BOARD MEETINGS

FUTURE DATES

The placing price represents a multiple of 17.1 times earn-

The following companies have notified detee of board meetings to the Stock Exchange. Euch meetings are enunly hald for the purpose of considering dividends. Official indications am not evallable as to whether the dividends are interime or finels and the sebdivisions shown below am based mainly on last year's timetable.

TODAY

Interime—BSS, Ceffyns, Philip Herris, Hogg Robinson, Imperial Continental Ges. Oceonics, Plyse, Pronteprint. Scottish and Newcastle Breweries, Sterling Publishing, Tops Estates, Triplax.

Firsts—Archimedes Inventment Trust, Cardio Property, Hewtin, McCorqeodele, Plaxons (OS).

Mayborn, the consumer pro- For the current year Mayborn ducts company, best-known for is forecasting profits of £2.35m, its Dylon range of dyes, is coming to the USM through a placing of 4.9m of its shares by Hill Samuel, the merchant hank. cent tax charge.
Some 3.5m of the shares

Mayborn placing on USM

A writ has heen issued against Gills' former suditors, Howard Tilly aod Co, seeking damages in connection with the suditing of the company's eccounts in earlier years.

Turnover fell by 19 per cent to £82,44m, and interest charges fell by £1.7m, mainly as a result of the sale of Camon-Muskegon. This reduced borrowings to £16.1m—from £30.56m.

Attributable profit stands at £4.9m. "The group has now successfully completed the consolidation stage of its develop-

At the placing price of 102p, some £5m will be taked in the issue and the company will be valued at £19.4m. Brokers to issue are Scrimgeour the iss Vickers.

Mayborn was founded on its Dyloo dyo peckaging husiness in 1848 but began to branch out into other product creas after Micheel Samuel, son of Lord Bearstesd, the non-executive chairman, took over as managing director in 1980. Its acquisitions loclude Jackel, which supplies baby products under the Tommee Tippee brand name; Romney, the distributor of Bama shoe Mayborn was founded on its the distributor of Bama shoe inserts; and Stahlwood, which supplies toya and baby care accessories in the US. Pre-tax profits have grown from £587,000 in 1981 to £1.9m in the year lo December 1985.

being issued will come from the company to raise £3m nel for lts expansion, and the rest are coming from existing share-

RICHARDS (spioner of bigb technology yarns): Final divi-dend 1.3p (1.1p) making 1.9p (1.6p) for year to September 30 1986. Turnover £16.47m 1986. Turnover £16.47m (£13.78m). Pre-tax profit £728.000 (£512.000); tax takes £214.000 (£112.000), extraordio-ary credit £1.62m (nil) represeoting profit oo sale of land at Garthdee. Esrnings per 10p share 4.26p (3.31p).

> I.G. INDEX FT for December 1,274-1,280 (-3) Tel: 01-828 5699

Legal Notice

TUDORBURY SECURITIES (FIMBRA) BUY OR SELL

British Gas IMMEDIATE SETTLEMENT 01-222 9080 5 Old Queen Street London SW1H 9JA

IN THE MATTER OF THE COMPANIES ACT 1985 ANO SALEDAY LIMITED

NOTICE IC HEREBY GIVEN Pemannt to Section 588 of the Companion Act 1995 that a Meeding of the Creditors of the nbown-named Company will be held in the offices of Single and Company, 35 New Road Street, London, EC2, on Thursday, 18th December 1986, at 2.30 pm, for the purposer mentioned in Section 589 and 590 of the Snid Act. Deted this 24th day of November 1986. Gy Order of the Sonrd, T. STEGERS.

Company Notice

BANK LEUMI (UK) PLC Undated Primary Capital Floating Rate Notes

The interest amounting to USS33.40 per USS1,000 and USS334.93 per USS10,000 principal mount of the Notes will be paid on 15th June 1987 against presentation of Coupon No. 3. BANK LEUMI (UK) Pic Principal Paying Officer

VESTLANDSBANKEN US\$5,000,000 Subordinated Floating Rate Notes Due 1992

For the six months, 17 December 1986 to 17 June 1987, the interest rate has bson fixed at 7-50 por annum. Interest payable on 17 June 1987, will be US\$18,958-33 per note of US\$500,000 denomination.

Christiania Bank (UK) Ltd. Agent Bank

NOTICE OF MANDATORY PARTIAL REDEMPTION PROVINCE OF QUEBEC US\$150,000,000

121/4 per cent Bonds due 1994 Notice is hereby given that in accordance with clause 6(b) of the Terms and Condi-

Notice is hereby given that in accordance with clause 6(b) of the Terms and Conditions of the Bonds. US\$\$1,00,000 principal amount will be drawn for redemption, through the operation of the mandatory sinking fund, on the next interest Payment Date being 1st Fabruary, 1987.

The last date on which exchange or transfer of Bonds may be made, pursuant to condition 3 of the Bonds, will be 18th December, 1986, being 15 days unmediately preceding 2nd January, 1987 when notice will be given specifying the serial numbers of Bonds called for such redemption.

Bankers Trast Company, London 16th December, 1986

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the Ordinary share capital of the Company in the Unlisted Securities Market. It is emphasised that no application has been made for these shares to be admitted to listing. It is expected that dealings will begin on 22nd December, 1986.



MAYBORN GROUP PLC

Mayburn Group PLC is engaged in the sourcing, manufacturing and packaging of a range of consumer products for distribution to the retail trade. These include its "Dylon" range of domestic dyes together with shoe care products, baby products and infant toys.

Placing by Hill Samuel & Co. Limited

of 4,897,172 Ordinary shares of 5p each at 102p per share

issued fully paid £948,670

£1,300,000 Ordinary shares of 5p each. The Ordinary shares now being placed will rank in full for all dividends and other distributions hereafter declared, paid or made on the Ordinary share capital of the Company.

Scrimgeour Vickers & Co., on behalf of Hill Samuel & Co. Limited, have placed 75 per cent. of the Ordinary shares being placed with its clients and 25 per cent. of the Ordinary shares being placed will be distributed by Wood Mackenzie & Co. Limited to its client

Full particulars relating to the Company are available through the Extel Unlisted Securities Market service, and copies of the Prospectus may be obtained during normal business hours on any weekday, Saturdays and public holidays excepted, up to and including 30th December, 1956, from: Hill Samuel & Co. Limited 100 Wood Street

Scrimgeour Vickers & Co. 20 Copthall Avenue London EC2R 7JS London EC2P 2AJ 16th December, 1986

This announcement appears as a matter of record only.

\$20,000,000 TOWER RECORDS



Senior Notes due December 15, 1993

The private placement of these Notes has been arranged by the undersigned.



December 1986

Member FDIC

This announcement appears as a matter of record only

SONMEZ SHIPPING GROUP, TURKEY

U.S. \$7,950,000

Term Loan for the acquisition of the M.V. "INCI S"

Arranged by MARYLAND BANK INTERNATIONAL S.A.

Provided by

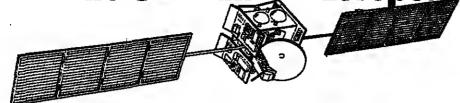
INTERNATIONAL COMMERCIAL BANK PLC MARYLAND BANK INTERNATIONAL S.A. PK FINANS INTERNATIONAL (UK) LIMITED

Agent



UK COMPANY NEWS

ASTRA—the most important launch of '88 for the television industry in the UK...and in Europe.



Early in 1988, ASTRA - a new privately-operated 16-channel satellite, constructed exclusively for television transmission, will be placed in arbit directly over Europe.

its arrival will expand and stimulate the whole TV industry across Europe, building demand and creating new markets. Viewers will benefit from a dramatically increased chaice af general entertainment and special interest

The launch of ASTRA opens up exciting opportunities for Britain's television companies.

-a choice of 4 national terrestrial channels. and high quality programme production.

-B new UK satellite-carried entertainment and thematic channels limited to less than 1% of UK homes via coble networks.

Developments over the last decade in Europe's TV potential and needs have reduced the feasibility of the plans for Direct Broadcasting Satellites in the UK, as proposed by the Warld **Broadcasting Satellite Administrative Conference** (WARC '77). DBS satellites will have only 3 or 4 channels per satellite and will be limited by national boundaries.

The ASTRA world

From 1988 ASTRA offers leading British television companies a cost-effective way to reach new satellite markets, not only in the UK, but also across Western Europe's 120 million TV homes. Technological developments since WARC'77 now mean that the recommended antenna size of 90 cm con be achieved from a medium

powered satellite, but now with 16 channels with a full range of international programming.

ASTRA, in discussion with the UK's major companies and authorities, proposes to make B or more channels available to UK programmers.

For the UK it would mean:

Choice: A lorger choice of channels than on any other satellite system.

Small dishes: Reception by coble networks, blocks of flats and individual homes on 85 cm dishes across Europe.

Equipment already available: ASTRA uses the same frequency range and polarisation standards as existing satellites. Reception equipment is already on the market, whereas manufacturers still need to develop DBS receiving

Export: ASTRA will bring Britain's TV companies directly into Europe's homes, expanding an the existing 6.3% cable market for satellite TV.

Cost advantages: Very substantial savings can be made by using ASTRA instead of WARC '77 DBS satellites.

On schedule: The ASTRA satellite and its ground control station are nearing completion. ASTRA will be on the air and fully operational

> The UK already leads Europe in terrestrial and satellite delivered

The SES satellite allows this position to be consolidated within the UK and, where desired, within Europe ... ASTRA affers the best of EUROPE'S 16 CHANNEL both worlds.

TELEVISION SATELLITE Societe Européanne des Satellines, 63 avenue de la Liberté, L-1931 Luxembourg, Tel: (352) 4994711. Thi: 60229 SESAT LU, Fax: (352) 499471219.



U.S.\$15,000,000

INVESTMENTS NV Guaranteed Floating Rate Notes 1987

For the six months 17 December 1986 to 17 June 1987 The Notes will carry an Interest Rate of 6%% per annum Coupon Vaue U.S.\$325.45

Listed on The Stock Exchange, London



Osuuspankkien Keskuspankki Oy U.S.\$50,000,000

Floating Rate Capital Notes due 1992 In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the second three months of the Interest Period ending on 17th March, 1987 has been fixed at 64% per annum. The interest accruling for such three-month period will be US\$78.13 in respect of the US\$5,000 denomination and US\$3,906.25 in respect of the US\$250,000 denomination and will be payable, together with the interest for the first three months of the said Interest Period, on 17th March, 1987, against surrender of Coupon No.6

Manufacturers Hanover Limited Reference Agent December 16 1986

Yorkshire TV beats forecast with £8.9m

Yorkshire Television Heldings beat its profit forecast at the time of its flotation in being made available to finance for the year to September 30, 1986 of £8.93m. against £3.58m last time. And the company has announced the acquisition of stakes in two companies which the time of its flotation in August with pre-tax figures for the year to September 30, 1986 of £8.93m. against £3.58m stakes in two companies which sell and instal satellite receiving equipment for demestic and corporate users.

The result was achieved on turnover up at £112.86m (£94.54m). Earnings per share came out at 16.1p (£6p) and the directors are proposing a final payment of 4p, in line with the flotation forecast.

Sir Derek Palmar, chairman, said that the company succeeded in maintaining its share of net advertising revenue with a rising trend towards the year end. That had continued in the first two mothhs of the present

Yorkshire has bought 40 per cent of Starvision and 50 per cent of Tele-Aerials Satellite

Capital Radio

reports an 82%

Capital Radio, which is to

eek a full listing on the London

Stock Exchange in the early

part of 1937, announced a sharp

increase in pre-tax profits — np

82 per cent from £936,000 to

£1.7m-for the year to Septem-

Group trading profit before deductions for IBA primary and secondary rentals and the Exchequer Levy amounting to £2.1m (same), was £3.6m (£2.8m) on turnover of £18.5m

Chairman Sir Richard Attenborough said Britain's biggest independent radio station's "excellent" year had been the result of company economies, a

10 per cent growth in advertis-ing revenue and a reduction in

the Exchequer Levy.

ber 30 1986.

rise to £1.7m

There was an increase in the Channel 4 charge to £1.68m, also taken above the line, because of a change in the calculation of the charge. Tax took £3.63m (£1.44m).
There were extra dinary debits of £498,000 (nil), made up of flotation costs of £1.1m, a

provision of £238,000 against an unlisted investment less a £686,000 profit on the sale of about two-thirds of its investment in Music Channel. comment

Yorkshire TV has not only

but Mr Fox seems to have put for seeing them in the same into storage some of the com-

advertising revenues was hardened up by an improvehardened up by an improve-ment in rates that halved the once yawning 25 per cent gap when compared with the national average. Overseas sales should be ahead strongly this year and a bigger share of net-work programme making will generate even more exportable products. City forecasts have been upped and film should be possible, putting the shares at

possible, puttng the shares at 171p on a prospective multiple of 8. An 8p dividend produces a competitive 6.7 per cent prospective yield and those who thought the shares a good buy beaten all the forecasts made when it was floated in August in August have every reason

Craton Lodge profits rise

£605,000 for the year to ceding year. September 30 1986, from an Tax took £245,000 (£229,000)

the new financial year, and ary.

Craton Lodge & Knight, the prospects fo rthe new product USM—quoted product development business appeared ment consultant, reported premore promising than they had tax profits up from £501,000 to at the same stage in any pre-

increase of £440,000 to £3.41m leavink earnings per share of in turnover.

6.36p (4.83p). The total dividend is raised from 1.85p to Craton said the encouraging 2.2p with a proposed final pay-performance had continued into ment of 1.6p for the 1p ordin-

Ratners £27m sale and leaseback

(Jewellers) has

Ratners group had agreed to leasebac these properties on 25-year repairing leases with fiveyearly rent reviews.

Initial annual rentals total arranged for the sale and some £1.1m. Completion in re-leaseback of a portfolio of free-bold properties for a total of expected to tae place at end-£27m, which represents an in-crease of approximately £8m of consideration becomes due; over boo value as at January 31 remainder due to take place on March 26 1987.

The exercise will enable group to reduce its borrowing and provide flexibility in its plans for expansion.

COMPANY NEWS IN BRIEF

JOHN SWAN & SONS (live-OURENS MOAT HOUSES: earnings per 50p share 2.34p. stock auctioneers and estate Contracts have been exchanged Results are for six months to stock auctioneers and estate Contracts have been exchanged. Results are for six months to agents): Turnover for six for the purchase of Airborn September 30 1986 but cover months to October 31 1986 was Travel in a profit-linked deal trading period Juse 18 1986 to £548,200 (£498,900) and pre-tax from Messrs Jeffrey and Max September 30. On pro-forma profit £153,900 (£118,600). Tax Petar. Total consideration is basis turnover for period is £945,000 in share instalments £3.3m (£3,28m) and pre-tax pronet profit after tax was £101,600 (£77,100) giving earnings per share of 15.1p (11.5p).

CITY SITE ESTATES. Final dividend 0.49p (0.41p) making 0.96p (0.82p). Rental income 5960,000 (£456,000) and profit before tax was £339,000 BORDER TELEVISION: Snb-scriptions were received in £47.08m and pre-tax profits ber 1986. Realised gain on in-respect of £4,950,472 shares (97.8 respect of £147,000 (£444,000). There was tested earnings per share were stated earnings per share were tax charged £115,000 (£241,000) leaving attributable profits of £340,000 (£313,000). Earnings per share were 2.27p (7.21p).

INVESTMENT COM-PANY: Interim dividend 0.45p (0.4375p). Pre-tax revenue £469,000 (£507,000) for six months to September 1986. Tax charged £140,000 (£152,000) leaving earnings per share 2.15p (1.9p).

plus a maximum possible bonus fits £248,000 (£22,000), payment of £351,000 to be satisfied by instalments in Queens Moat shares issued to the vendors dependent upon achievement of specified profit layers.

ordinary shares at 13p each.
Preparations are at an advanced stage for the introduction, through Henry Cooke, Lumsden, of the ordinry shares to the

£1.91m and pre-tax profit of losses, b £102,000. Tax £80,000 leaving (£5.47m).

months to September 30, 1986, Turnover stated earnings per share were 1.2p (2.4p). Company is a subsidiary of Marley (Overseas).

TADDALE INVESTMENTS swung back with pre-tax profits of £35,783 in the year to April 30 1986, compared with losses MARINA DEVELOPMENT
Group (USM-quoted operator of bosting marinas). Turnover traordinary charges is in the previous year.

The company was subsequently restructured. After tax and extraordinary charges is in the previous year. traordinary charges, it incurred losses, bowever, of £1.26m

Hogg unveils terms of divestment

By Nick Bunker, Inn

Hogg Robinson, the insurance broking, transport and financial services group, unveiled rester-day terms for the sale of the smaller of its two Lloyd's of London managing agencies.

Hogg's wholly-owned sub-sidiary, Gardner Mountain and Capel-Cure Agencies, is selling its business of managing three Lloyd's insurance syndicates, in return for a share of future profit commissions plus £80,000. profit commissions plus £60,000.

The buyer is Claremount Underwriting Agents, a new company formed by the syndicates' previous management, including their active underwriters. A formula has been worked out whereby Hogg Robinson will receive a gradually decreasing percentage of profit commissions from the management of the three syndicates for each of the six Llovd's cates for each of the six Llovd's underwriting years from 1984

Hogg said yesterday that if the divestment arrangements had been applied in the year ending March 31, 1986, the profit commissions would have totalled £734,000, with Hogg Robinson receiving £487,000 pre-tax. Hogg Robinson's 1985-86 results included a £291,000 pre-tax profit contribu-tion from Gardner Mountain.

Hogg said that on completion of the divestment Gardner Mountain and Capel-Cure would re-register with Lloyd's as a members' agent within the Hogg Robinson group.

Hogg Robinson's shareholders are due to meet this week to vote on the group's proposed terms for its divestment of Janson Green, its other Lloyd's underwriting agent.

SHARE STAKES

CHANGES in company share stakes announced during the past week included:

Geest-The Kuwait Invest-nent Office has an interest in 4,950,000 ordinary (7.57 per

Thorpac Group — Chairman Mr Michael Moseley has acquired 50,000 ordinary and now holds 635,000 ordinary (27.2 per cent).

Parkland Textile (Holdings)

Rockfield bas acquired 25,000 ordinary and now holds 252,834 (15.49 per cent). Newman Industries—Investors in Industry bave reduced their holding to 7.166.666 ordinary

(5.68 per cent).
Smith New Court—Director
Mr H. M. Dritz acquired 20,000
ordinary shares, increasing total
holding to 30,000 (0.113 per

Munton Brothers - Director Mr H. M. Garfield purchased 10,000 shares at 23p on Novem-

Atlantic Resources-Mr G. L. McGuinness, a director, posed of 300,000 ordin

sbares, altering total holdings to 250,000 shares (0.2 per cent). M. J. Gleeson-Following the sale of 36,462 ordinary shares in which ber family was in-terested, Mrs J. C. Cooper's interest has been reduced to 5.99 per cent.
City of Dublin—Mr K. Riley is the registered holder of 1,022,257 shares (10 per cent).

This announcement appears as a matter of record only.



COMMONWEALTH OF AUSTRALIA

Dfls 400,000,000

61/2% Bearer Bonds 1986 due 1992/1996

Amsterdam-Rotterdam Bank N.V. Algemene Bank Nederland N.V.

Bank Mees & Hope NV Nederlandsche Middenstandsbank nv

Pierson, Heldring & Pierson N.V. Rabobank Nederland

ANZ Merchant Bank Limited Credit Suisse First Boston Limited Bank Brussel Lambert N.V.

Morgan Stanley International

Deutsche Bank Capital Markets Limited Nomura International Limited

Orion Royal Bank Limited Union Bank of Switzerland (Securities) Limited

Swiss Bank Corporation International Limited S. G. Warburg Securities

Westpac Banking Corporation

This announcement appears as a matter of record only.



REPUBLIC OF AUSTRIA

Dfls 200,000,000 61/2% Bearer Bonds 1986 due 1997/2001

Amsterdam-Rotterdam Bank N.V.

Algemene Bank Nederland N.V.

Bank Mees & Hope NV Rabobank Nedarland Nedarlandsche Middenstandsbank ny Pierson, Heldring & Piarson N.V.

Creditanstalt-Bankverein

Deutsche Bank Capital Markets Limited

Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft Generale Bank Morgan Guaranty Ltd Österreichische Länderbank Aktiengesellschaft

Union Bank of Switzerland (Securities) Limited

S.G. Warburg Securities

December, 1986

sday December 16 16

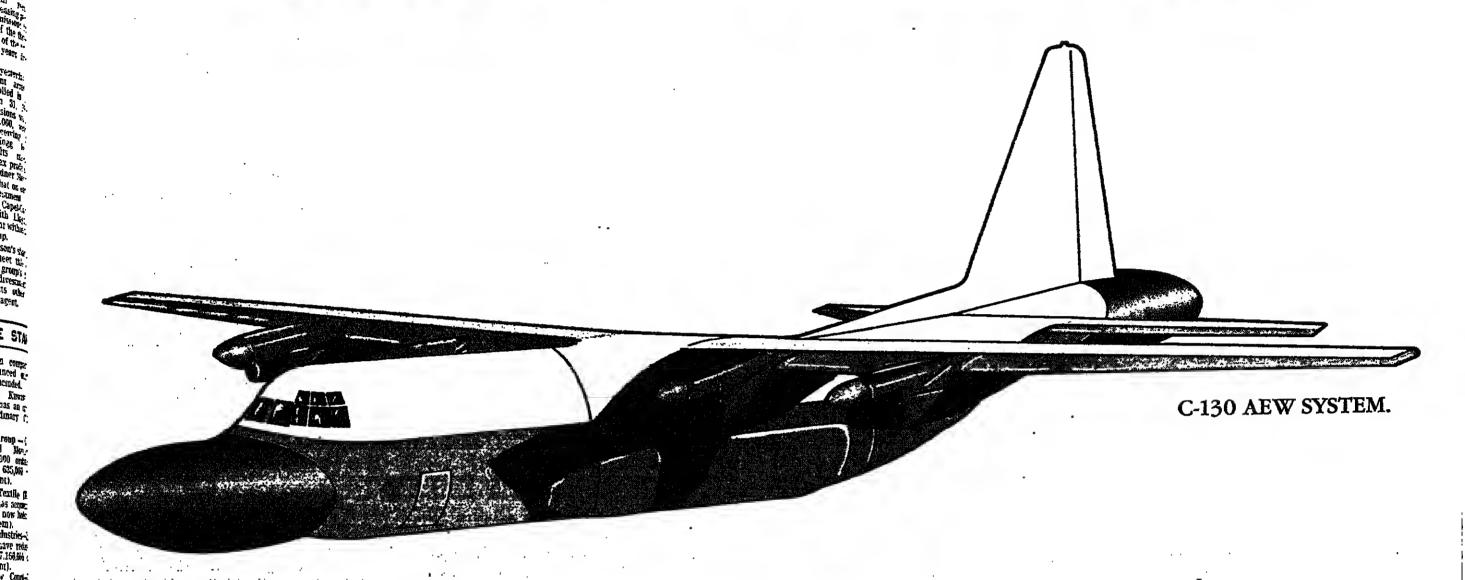
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tuted, and the purpose for which

The circumstances must be

such that substitution was necessary or expedient to pre-serve the scheme for those whose benefit it was established;

and the substituted company must be recognisably the suc-cessor to the business and workforce of the company for

which it was to be substituted. It was not enough that it

was a member of the same group or even that it was the bolding company of the company for which it was sub-

stituted. It must have succeeded

to all or much of the business of the former company and bave taken over the employment of all or most of the

former company's employees.

Tha object in substituting Hanson for IBL was to bring

about a dissolution or partial dissolution of the schemes on

completion of the sale to Elders, which would otherwise

not have occurred. That was foreign to the purpose for which the power was conferred.

and invalidated any exercise of

Accordingly the committee

of management was not at liberty to execute the amending

deeds by which Hanson was to be substituted for IBL.

The second question was whether the schemes could be re-opened. The committee's

powers were vested in a fiduciary capacity and even if

its present members could fetter their powers and discretions, they could not deprive their successors of the right to exer-cise them. Whether or not

closure of the schemes could have been made proof against

re-opening that bad not been

were disallowed, were designed to remove for its own benefit,

or for the benefit of employe

Employees had no legal right to a "contributions boliday."

Any surplus arose from past overfunding by the employer alone. But while the employees

had no legal right to participate in the surpluses they were entitled to bave them dealt

with by discussion and negotia-tion between their cootinuing

employers and the committee of

management, and not to be irrevocably parted from them

by the unilateral decision of a

take-over raider with only a transitory interest in the share capital of the companies which

Hanson's proposals, which

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PRELIMINARY ANNOUNCEMENT OF THE UNAUDITED RESULTS FOR THE YEAR TO 30 SEPTEMBER 1986

- Pre-tax profits more than doubled
- Growing overseas demand for programmes
- Encouraging outlook for 1986/87 **3**
- Cash Balances increased by over £10m

	1986 £'000	1985 £'000
INCOME	112,861	94,538
PROFIT BEFORE EXCHEQUER LEVY	12,305	4,225
EXCHEQUER LEVY	(3,374)	_
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	8,931	3,582
TAX ON PROFIT ON ORDINARY ACTIVITIES	(3,626)	(1,438)
PROFIT ON ORDINARY ACTIVITIES	5,305	2,144
EXTRAORDINARY ITEMS	(498)	_
NET PROFIT FOR THE YEAR	4,807	2,144
DIVIDEND	(1,318)	(696)
EARNINGS PER SHARE (BEFORE EXTRAORDINARY ITEMS)	16.1p	6.6p

Comparative figures for the year ended 30 September 1985 are an abridged version of the Group's full accounts which carried an unqualified audit report and have been delivered to the Registrar of Companies.

FT COMMERCIAL LAW REPORTS

Surplus funds remain with employees

RE COURAGE PENSION SCHEMES Chancery Division: Mr Justice Millett: December 12 1986

The state of the s

SUBSTITUTION OF a new company for the principal company in a contributory is invalid if its purpose is not to preserve the scheme for the benefit of employees, but to enable the substituted com-pany to hive off surplus funds for its own benefit.

Mr Justice Millett so held

when giving judgment for the plaintiffs, members of the committees of management of three contributory pension schemes established for the benefit of employees of the Courage group of companies, on their summons for a ruling that amendments 350 persons employed in to the schemes proposed by businesses retained by Hanson Hanson Trust plc, would be though Hanson was actively invalid. Hanson was not a party seeking a buyer for them; (vi) to the action. The defendants were Imperial Brewing and Leisure Ltd. a representative member of the schemes, and the

HIS LORDSHIP said that in April 1986 Hanson acquired Imperial Group. One of Imperial'a subsidiaries was Imperial Brewing and Leisure Ltd ("TBL") which now con-sisted only of the Courage group of companies.

roop of companies. On November 19 1986 Hanson sold IBL and its subsidiaries to Elders IXL Ltd, a South Australian company, for approximately

IBL operated three contributory pension schemes for em-ployees within the Courage group. Each was governed by its own trust deed and rules. Since 1982 investments in the schemes had been beld by trusteas. Active management was entrusted to a committee of management, with power to act

by majority.
When Hanson acquired Imperial, there was an estimated total surplus of £80m in the three schemes. IBL and the scheme members were enjoying a "contributions holiday." It was not expected that contributions would be needed for another 10 years.

In February 1986, shortly for Imperial, the committee of management closed the schemes to new members, to protect the members' interests from a predator. In October provision was made for new and prospec-tive employees of IBL by execution of three deeds establishing interim contributory pension schemes, to be absorbed in the

transferred with the employed members sufficient funds to secure the benefits currently provided by the scheme, to-gether with £10m representing part of the £80m surplus; (iv) the only members remaining would be the pensioners, deferred pensioners, and some \$50 persons employed in businesses retained by Hanson

Hanson could then either run off the schemes as closed schemes or seek to re-open them to new entrants within its group — in either case Hanson rather than IBL would be entitled to the benefit of any susof employers'

coctributions. Effectively, therefore, Hanson was selling Imperial Group to Elders, but was proposing to exclude the greater part of the surplus in the schemes from the sale. If it could not achieve that it was to receive additional consideration for the sale.

Drafts of nine amending

deeds to implement the pro-posals were circulated to mem-bers of the committee of management. They expressed concern at the proposed excin-sion of employed members from the schemes and the terms on which the estimated £80m was to be apportioned, leaving all but £10m in the retained fund. On November 5 1986 the

committee members issued the present originating summons. The question was whether they discretion to execute amending deeds. It might do so only if the proposed amendments were

within the power to smend and could properly be made. The approach to be adopted by the courts to the construc-tion of the trust deed and rules

First there were no special and rules to permit the substrules of construction, but the tution of Hanson for IBL would provisions should, wherever possible, be construed to give reasonable and practical effect principal scheme should it be to the scheme, bearing in mind. The validity of a power of re-opened.

Hanson had made no secret of against a constantly changing circumstances in which it could its desire to remove for its own background. It was important be exercised, the characteristics

benefit, or for that of employees to avoid unduly fattering the of the company being stremaining in its group, the greater part of the surplus in the schemes.

The circumstances must be setting changes required by the exigencies of commercial life.

To achieve that it bad formulated proposals: (i) Secondly, in the case of an institution of long duration and institution of long du over a long period, alterations might be made which would not be acceptable all at once. Even the main purpose might be changed by degrees.

In each scheme "the com-pany" was defined as IBL, and each was a pension scheme for the employees of a group of companies defined as IBL and its associated companies. There was a limited right to substitute another company for IBL, but only if the company was wound np for reconstruction or amalgamation. The only com-pany which might be sub-stituted was the reconstructed or amalgamated company.

The current substitution clause would not permit substi-tution of Hanson for IBL. It was obviously desirable that some provision for substitution should be included in a group pension scheme. It would be unfortunate if the whole scheme bad to be wound up merely because on reorganisa-

tioo of the group the principal

company was put into liquida-Where on a reconstruction or amalgamation substantially the same persons continued to be employed in the undertaking, substitution of the reconstructed or amalgamated company for the original principal company was not only necessary and desirable, but could properly be said to pro-mote the main purpose of the

scheme and not to alter it. That, however, was not the in its group, all but £10m of the present case. Courage had not surplus in the schemes. were at liberty, or bound, to execute the amending deeds.
Under the terms of the schemes the committee had a substitution was not to preserve the schemes in existence for the benefit of those employed in the undertaking, but to prevent the schemes from continuing for their benefit, and to bring about an unnecessary dissolution of the schemes which would not otherwise occur.

Amendment of the trust deeds manifestly after the main purpose of the schemes and be attra vires.

The validity of a power of substitution depended on the circumstances in which it could be experied the dependent.

By Rachel Davies

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December 16 1986

such that substitute an ecessary or substitute an ecessary or expedient at serve the scheme for expedient at whose beneat it was substituted and the substitute and the recognishing which it was to be substituted as a member of the substitute at was not enough was a member ough a group of the substitute and the substitute at was not enough as a member ough a group of the substitute and the s

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Accordingly the constitution of management was an accordingly the constitution of management was an ideads by which Hanson was substituted for IRL.

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Hanson's proposite

Hanson's proposals were disallowed were des

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Employees had no legan to 2 "contributions label"

Any surplus arose from

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FINANCIAL TIMES SURVEY

Tuesday December 16 1986

YUGOSLAV

TRADE AND INDUSTRY

The unique experiment in "market socialism" is not yet improving the economy and the Government appears reluctant to face up to the need for shifting the balance by relying more on market forces and less on socialism.

A shift in the balance

"LORD MAKE me chaste—but for tighter financeal discipline, not yet," St Augustine's prayer, greater responsiveness to appears to have been clevated market signals and the emergine to the status of official government policy in Belgrade. The race of a "real" economy with ment policy in Belgrade. The race of a "real interest rate, and most economically realistic valuation of assets and adventurous of European sociative real interest rates. Inked to admit to admit to admit to admit the responsiveness to the emergine there are more headaches just there are more headaches just there are more headaches just around the corner for the Government Earlier this month, initial discussion in parliamentary committees of the Government.

Few would disagree that the economy is in a mess. Inflation is nudging 95 per cent. Growth is sluggish, hard currency earnings being eaten away as imports surge ahead of exports. Unemployment, or under-employment as some prefer to call it, is rising. So is the number of strikes, albeit from a small hace. small base.

Real incomes are once again rising faster than productivity. Foreign debt in hard currency stands at almost \$20bn, and has had to be rescheduled.

There is little argument about where the remedy, lies. Ministers, party leaders and Windsters, party leaders and beads of enterprises are at one with the International Monetary must be introduced even if it federal fund (IMF), the creditor banks is painful. And we will be generally, and governments, on the need tough — we have no other republics

congress of the League of Com-munists of Yugoslavia last June

list countries, have had to admit that their own unique experiment in "market socialism" is not working.

The answer they are under increasing pressure to accept is a shift in the balance—a little less more market, a little less consonic measures and reform specialism. But they cannot quite bring themselves to take the necessary steps.

Wage rises linked to ernment's long-delayed "autumn package" of reforms revealed a distinct lack of enthusiasm, and no sense of enthusiasm. And the economic strain programme based on precisely these aims. Successive economic measures and reform while a series of reforms revealed a distinct lack of enthusiasm, and no sense of enthusiasm, and no sense of enthusiasm. And the economic structure are making the ernment's long-delayed "autumn package" of reforms revealed a distinct lack of enthusiasm, and no sense of enthusiasm, and no sense of enthusiasm. And the economic structure are making their support conditional on financial aid. Those from Croatia advocate gradual implementation while delayers. implementation while delegates from Slovenia insist imple-mentation should be delayed until 1988.

as much power as he had enjoyed, it has so weakened the federal authorities by devolving munists of Yugoslavia last June bad to be devoted to reaffirming support for the long-term programme "because we had not succeeded in implementing the succeeded in implementing the living managing enterprises, as to be ironically described by Vuonelava as an eight-party

> politicians, after a stint in cal split over the scope, pace



The task ahead for Prime Minister Branko Mikulic is to expose industry more to market forces and boost exports. From the top (in a clockwise direction) are a Nish electronics plant in Serbia, a shipy and in Split, a tractor production in Belgrade and a Yugo 55 model

Belgrade, remain primarily and nature of reforms.

Serbs, Croats or Macedonians.

The Yugoslav identity surfaces at about the same point as found differences over degree to which business remains of the EEC Council the suffering that will like the suffering the suffering that will like the suffering that of Ministers start to think of themselves as Europeans.

packages this year have, however, falled to halt the decline. Some of the measures, as senior officials of the National Bank of Yugoslavia now admit, were ill-conceived, others have not been properly implemented. Indeed, as Mr Stefan Korosec, a member of the central committee admits, much of the 13th congress of the League of Committee admits, much of the 13th congress of the League of Committee admits, much of the 13th congress of the League of Committee admits, much of the 13th congress of the League of Committee admits, much of the 13th congress of the League of Committee admits, much of the 13th congress of the League of Committee admits, much of the 13th congress of the League of Committee admits, much of the 13th congress of the League of Committee admits, much of the 13th congress of the League of Committee admits, much of the 13th congress of the League of Committee admits, much of the 13th congress of the League of Committee admits, much of the 13th congress of the League of Committee admits, much of the 13th congress of the League of Committee admits, much of the 13th congress of the League of Committee admits, much of the 13th congress of the League of Committee admits, much of the 13th congress of the League of Committee admits, much of the 13th congress of the League of Committee admits, much of the 13th congress of the League of Committee admits, much of the 13th congress of the League of Committee admits, much of the 13th congress of the 13 bureaucrats and businessmen who have grown sleek and com-placent, insulated by artificial accounting methods and an unreal exchange rate. Nor do they mean only regional power groups who have learned how to shape the system to their own.
ends. There are also signs within the panty, even at the highest
levels, of a debilitating ideologi-

As in Britain there are pro-found differences over the degree to which businesses and citizens should be exposed to the suffering that will inevitably accompany the harsh measures that most consider necessary.

The result is that Mr Mikulic, who came to the prime minister-ship only last May with the reputation of being a tough interventionist manager, has quickly discovered he has neither the support nor the means to push through the reof his entire programme.

Should inflation continue its gallop, the crisis could prompt a stronger presence to step into the power vacuum. But talk of a Yugoslav Jarulzelski taking over as in Poland seems highly, premature, and improbable.

On the other hand, the possi-hility that Yugoslavia, having just emerged from a 61-year IMF austerity programme, may be

market economics and a "real" intended as incentives to boost economy in view of what it regards as highly inflationary policies. In particular it has criticised the substantial cut in interest rates effected in July, So the export-led growth and the mixeroning of price which the Government hopes. interest rates effected in July, So the export-led growth and the reinforcing of price which the Government hopes controls.

thas also criticised changes at agnation may be a long time in the law on foreign exchange, brought-in a year ago, which stabilish exporters' rights to retain their foreign currency that in the first 10 months of earnings and, if they wish, sell this year, exports rose 4.5 per them at a premium to other enterprises.

The Government has exports up 11.1 per cent.

attempted to compensate for the loss of this perk by offering faster, at 8.8 per cent and 23.8 per cent respectively, resulting currency allocations to exporting the Yugolsav the present climate, with the content of enterprises. But in the present climate, with the content of enterprises as substantially overvalued, as substantially overvalued, and enterprises find it more profitable to sell on the domestic market than to export.

The Government has little way of ensuring that what are intended as incentives to boost a 4 per cent respectively, resulting in a \$1.8bn hard currency trade deficit.

Government estimates of a \$350m-\$400m hard currency surplus on current account for the year, especially following a \$1.5bn hard currency surplus on current account for the year, especially following a \$1.5bn hard currency surplus on current account for the year, especially following a \$1.5bn hard currency surplus on current account for the year, especially following a \$1.5bn hard currency surplus on current account for the year, especially following a \$1.5bn hard currency surplus on current account for the year, especially following a \$1.5bn hard currency surplus on current account for the year, especially following a \$1.5bn hard currency surplus on current account for the year, especially following a \$1.5bn hard currency surplus on current account for the year, especially following a \$1.5bn hard currency surplus on current account for the year, especially following a \$1.5bn hard currency surplus on current account for the year, especially following a \$1.5bn hard currency surplus on current account for the year, especially following a \$1.5bn hard currency surplus on current account for the year, especially following a \$1.5bn hard currency surplus on current account for the year, especially following a \$1.5bn hard currency surplus on current acc

The Government has little way of ensuring that what are intended as incentives to boost

a 4 per cent rise in industrial output for 1986 over 1985, and a 5 per cent rise in agricultural ontput, boosting growth in social product (the Yugoslav equivalent of gross national product) duct) to 3.7 per cent. Some western observers suggest such projections are over-optimistic.

The overall picture is one of confusion, mismanagement and lack of direction, but not of total gloom. Yugoslavia is not a poor country, but if its consti-ment parts cannot be made to more as a whole, it could rapidly become onc.

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Foreign trade

Priority task is to boost exports

rate from 73 to 42 per cent, and in the 12-month rate from

76 to 56 per cent, effective from July L.

YUGOSLAVS and foreign observers in Belgrade will be in for a surprise when trade figures for this year, prepared on tha basis of new, internationally applied methodology, are published.

Exports to the hard currency countries and especially to developed countries will show a big increase, contrary to the widely beld opinion that they have been more or less stagnating. Imports and the trade deficit will also be larger than reckoned so far.

Until now, foreign trade statistics have been computed on the basis of the "statistical" dollar. Its value was fixed by the Government at the end of

a year to be applied in the following year.

For 1986, that value is Yugoslav dinars 264.53 to a US dollar. In addition, no changes in inter-currency rates occurring during the year were taken into account. The figures thus obtained have been distorting the picture.
Therefore the decision was

taken to switch to computations based on current dinar and inter-currency exchange rates. That will be applied from January 1, 1987.

For ten months of 1986 com-pared to the same period of 1985 percentage changes accord-ing to the old and new methodology for some selected categories were as the table (column 8) shows.

For the year as a whole, export results are expected to be even better as exporters struggle to increase their deliveries. The trade deficit is estimated by the foreign trade ministry at about \$1,950m, some \$200m more than in 1985. However, higher invisible earnings will enable the current account balance to show a surplus for the fourth consecutive year, although et \$350m to \$400m (hard currency) it will be some-

What lower than last year. Export prices in 10 months fell Reserves will increase by only I per cent while import some \$200m, and \$1bn or more prices fell by 8 per cent. Thus of the debt principal will be repaid. This will be possible because, while in 1985 many claims for goods and services supplied could not be collected. claims for goods and services volume was 7 per cent higher, supplied could not be collected, of which oil was 26 per cent in 1986 many of the goods and other goods 2 per cent.

Experts Imports

Exports Imports

Deficit

Deficit

TOTAL

HARD CURRENCY

1986

8,608.7 10,349.6

-1,740.9

-1.864.2

2.817.2

1985

9.515.9

-1.261.6

5,102.7

-1,161.1

3,150.7 3,251.2

Deficit or surplus -100.5

Government's failure to come to grips with the problems.

The International Monetary

Fund is no longer directly hold-ing the purse strings. After— and a half years of supervising

the Yugoslav economy, its most recent stand-by credit arrange-ment ended in mid-May, and was not renewed. The IMF has,

however, agreed with the Yugo-alav authorities to continue monitoring economic perform-

The IMF continues

monitoring but

no longer directly

holds the

purse strings

ance, albeit in a less rigorous manner, mainly to reassure western governments and banks

who are currently owed around

\$18bn.
The fund's twice-yearly reports, though no longer a source of direct pressure on the Yugo-slav authorities, are intended.

THE GOVERNMENT'S economic stabilisation programme aims to open the economy to market influences, reduce direct state intervention and bring in positive real interest rates, a realistic exchange rate, a personal incomes policy more closely linked to enterprise profitability and tighter financial discipline.

Its June package of measures included: Price controls. Advance Price courrois. Anyance warning interval for rises on 42 per cent of industral goods boosted from 30 to 120 days. Certain other prices cut back to March 1 levels.

 Easier credit and import rights, including foreign currency allocation, for export-oriented companies. • Interest rate cuts. Changes in the formula for fixing the 12-month deposit rate led to a cut in the selective lending rate from 71 to 56 per cent. in the three-month deposit

lower, with most tourists coming from Germany, and most guestworkers who remit part

imported were already partly With lower oil prices and paid for in the preceding year.
Unfortunately, the repayment
of principal will not reduce the
overall debt. surpluses or uncollected claims in trade with the USSR and some Opec members like Iraq. Yugoslavia has been importing Because of its currency comconsiderably more oil. In 10 months in excess of 10m tonnes position and the fall of the dollar vis-d-vis other currencies,

the dollar amount will remain the same or even higher. Debt servicing will be reduced from 41 to some 39 per cent of foreign exchange earnings. The fall of the dollar has barmed trade as a large part of it (60 per cent of exports) is transacted in that currency. But on the whole it will not damage the balance of payments because the share of the dollar in invisible trade is much

Imports of equipment, important from the point of view of keeping pace with technological development, have been impressed and will total some \$1.20n in 1986, and con-

On the whole, Yugoslavia cannot be satisfied with its the export volume fell by 24 per cent (to hard currency area 0.3 per cent) whereas import

• Faster depreciation of the A "social compact" linking wage rises to productivity.

The autumn package now under consideration includes: Tighter control over valua-tion of assets, to prevent manipulation of depreciation allowances and other forms of

creative accounting. Abolition of the "statistical dollar," fixed once yearly in computing statistics, in favour of constantly updated foreign exchange parities.

• Introduction of 2 formula for fixing interest rates, based on producer price rises over the past six manths, aimed at raising rates gener-

Provisions for the liquida-tion of enterprises consist-ently unable to break even.

were imported, compared with 8.6m tonnes for the whole of

Other trends in foreign trade have been satisfactory in 1986. The share of finished goods in total exports has been 95 per cent (73 per cent with high and 22 per cent with ordinary degree of finishing) while their share in total imports has been much lower, and the share of raw materials much higher.

of their earnings working there.
Terms of trade have been in
Yugoslavia's favour in 1986. Export prices in 10 months fell tinue to rise.

> export performance, as exports have been too low to allow for larger imports (in fact, the ratio of exports to imports has been reduced from 86.7 per cent in 10 months of 1985 to 83 per programmes of Yngoslav pro-

cent in 1986, and in trade with ducers will enjoy special developed countries from 66.9 favourable treatment. Criteria to 65.5 per cent). Boosting for such programmes were set to 65.5 per cent). Boosting for such programmes were set exports remains a priority task out by the Federal government of the economy.

For 1937, a 5 per cent programmes have been under

of the economy.

For 1987, a 5 per cent increase of exports has been planned, which will be difficult to achieve for both external and domestic reasons. World trade, according to international organisations, will not grow very much next year and pro-tectionist tendencies will

In spite of that, Yugoslav planners think they can increase planners think they can increase their country's share in world exports from 0.55 per cent in 1987, or their share of the OECD markets from 0.39 per cent in 1986 (Erst half) to 0.44 in 1987.

For that to happen, several prerequisites are needed. First of all, Yugoslav manufacturers bave to be better motivated to export. For most, it is more profitable to sell on the domestic market at the moment. According to businessmen and most economists, the dinar has been overvained by some 25-30 per cent, and its depreciation should be speeded up.

The Government's official policy for 1987 is that most producers should have at least as much incentive to export as to sell locally. Only the least efficient producers should find it unprofitable to export. That implies that the exchange rate will be adequately adjusted, and export incentives increased

Measures introduced in 1986 like easier credit terms for production for expert, abolition of credit limits for export, tax benefits for exporters, better support for export of invest-ment goods and shipbuilding will continue in 1987. Changes in foreign exchange legislation will make it easier for manufacturers to obtain foreign exchange for their export

Hend in hand with those measures will be further efforts curb excessive domestic demand and stimulate production, in order to secure more goods for sales abroad. Joint production and export

5461 5

1.180.0 1,779.5

3,850.5 3,108.6

Percentage

- 1.7

-27.9

DEVELOPED COUNTRIES

DEVELOPING COUNTRIES

-1,439.2

1,200.I

-831.7

4,158.0

Changes over 10 months

TOTAL						
	Old	New				
	_ %	% + 4.3				
Exports	- 3.4					
Imports	- 1.6	+ 5.8				
Deficit	+10.1	+11.5				
HARI	CURREN	CY				
Exports	- 1.3	+11.1				
Imports	+ 4.5	+23.5				
Deficit	+30.6	+60.6				
DEVELOPED COUNTRIES						
Experts	+ 2.7	+22.6				
Imports	+ 3.4	+24.3				
	- 4 4	+217				

Trade figures for 10 months

are given in a separate table.

rejected as not falling under established criteria. Aleksandar Lebl

preparation, 12 submitted for approval, but so far only two-

for the Yugo car industry and tourism—accepted, with soma

sent back for changes and a few

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RELATIONS BETWEEN Yugo-slavia and its creditors—banks, and for debt falling due in the remainder of 1968, will depend on the assessment currently agreement between the Go There is little apparent disgovernments and international institutions—appear to have hit a distinctly frosty patch. The creditors are becoming increas-ingly critical of the structural agreement between the Governbeing prepared by an IMF team. ment and its creditors on what is wrong with the economy and economic and political weak-nesses to which they attribute the country's faltering growth and soaring inflation, and in-creasingly dismissive of the

Relations with international institutions

Economic performance disappoints

Foreign Trade

Experts Imports

Exports

Exports

Deficit

Deficit

(January-October, in US\$m at current market exchange rates)

Percentage

11.5

68.6

A similar arrangement reached with bank creditors in August 1985, involving \$3.5m debt, falling due between 1985 and 1988, was earlier this year linked by the banks to targets for hard currency exports and reserves. Failure to meet the targets would trigger a pro-cedure that might well force Yugoslavia to re-apply for IMF stand-by facilities.

The Government, for its part, is growing more resembled of what it regards as unfair criticism and fallure to appreciate the efforts it is making. It is not only the IMF and the creditor banks and governments who remain unimpressed by Yugoslav economic policy and performance. The World Bank, the International Finance Corporation (IFC) and the European Investment Bank also appear to be bolding back.

The World Bank has grown increasingly critical of the Government's failure to stick to its principles and allow the economy to respond to market signals. So collaboration between the two is grinding to a

Hardly any substantial projects have been undertaken in the past two years and this year, Yugoslav servicing on World Bank debt appears to have outstripped drawings on its existing loans from the hank.

At the same time, negotiations for a second structural adjustment loan (to follow the \$275m loan agreed in 1983) appear to have become totally bogged down in disagreements over economic policy.

of direct pressure on the Yugoslav authorities, are intended
to help western creditors reach
decisions on Yugoslavia'a requests for rescheduling and
further credit.

Last Appil, the creditor governments—primarily the U.S.,
West Germany, Italy, Britain
and France — agreed to reschedule \$2bn of debt falling
due between May 1986 and
April 1988. However, the agreement is precise only on debt
falling due in the first year.

Conditions for the second year, The Yugoslav authorities are

what needs to be done. Disagreement arises over the Government's continued failure to implement reform.

Less than a month after tha expiry of its IMF standby arrangement, the Government outraged the fund by substantially cutting interest rates, in direct contradiction of its avowed commitment to positive real interest rates, and by introducing price controls.

An IMF team visiting Yugo-slavia in June was scathing in its comments. Without tough

There is little disagreement between the Government and its creditors about what needs to be done

new import controls and a much stricter credit policy to stop enterprises awarding themselves beffy wage rises, inflation would reach 100 per cent by the end of the year, it said. The cuts in interest rates could only fuel inflation by re-inforcing the flight from domes-

tic money to foreign currency boldings, by adding to the in-centive for high indebtedness, and by encouraging the misuse of resources for highly specula-tive ventures, it said.

Moreover, without positive real interest rates, the Government's attempts to restrict inter-enterprise credit could have only limited impact. The fund also condemned price controls and gave a warning that the abolition in December 1985 of exporters' rights to retain hard currency and sell it at a pre-mium would both introduce new rigidities into the system of resource allocation, and further reduce incentives to export.

The government's measures,

it commented, had cast strong doubt on the achievability of many of its 1986 targets. Whether the IMF team cur-

rently preparing a report wili be any more sympatthetic remains to be seen. The Government and the financial authorities appear deeply resentful over the IMF's criticisms. "We are trying to understand and improve," said the National Bank of Yugoslavia. Government negotiators ex-

press optimism that more recent measures will mollify the hard hearts of the IMF team. In parficular they single out their new formula for determining in-terest rates, which they claim will produce positive real interest rates within the year, and the decision to update cur-rency values constantly in com-puting foreign exchange statis-tics, instead of once a year.

may not be so easily impressed does not, bowaver, appear to be causing any sleepless nights in Belgrade. Yugoslavia's western creditors, for all their impatience with the federal authorities, for all their concern over the deteriorating economy, do not suppressed to the concern over the deteriorating economy, do

Aleksandar Lebi

Margaret van Hattem

The possibility that the IMF may not be so easily impressed

not appear to underestimate the political risks involved in refusing further debt rescheduling and so possibly destabilising the Government.

The Yugoslavs are, so to speak, banking on that.

YUGOSLAVIA: Trade & Industry 3

Another Item very high on

new legislation was passed, there were 82 such agreements.

Seven are in process of examination for approval.

Industrial Outlook

The phantom exposed

ONE OF THE comforting facts of economic life in Yugoslavia has been the growth of Industrial output this year. In the farst 10 months of this year it was 4.2 per cent higher than in the same period of last year. Although the pace has been slowing down towards the end of the year (in October It was only 1 per cent above the level 12 mooths before), it is expected that the Increase for the year as a whole will be close to 4 per cent.

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Exports

That and the 5 per cent boost in agricultural output will lift the social product by an estimated 3.7 per cent. That is a modest rise for a country like Yugoslavia, but it is more than the combined growth in the 1981-1985 period of stagnation, when average anousl growth was only 0.7 per cent, and the increase per capita almost stood still.

This year is also the first for several years for productivity to show an increase, albeit small, at an estimated 0.6 per cent. Employment is expected to show a rise of 3 per cent.

There have been wide differences from republic to republic and from Industry to industry, which would require a separate analysis. Nevertheless, Yugoslav industry this year has been slav industry this year has been able to improve its export performance and also satisfy larger domestic demand, fuelled by an increase in real wages, the first after five years of substantial falls, and other sources of income. Increased imports of raw and intermediato materials contributed to its good performance. Imports of equipment, although still lagging behind, were also locreased.

were also locreased. Yet, the situation in Yngodav industry is far from idylite. It is both fragmented, and dominated by price fixing cartels.
After several years of low imports of new technology it is in

it is overprotected from im-port competition, due to the lack of foreign exchange for all but essential imports, its saving (accumulation) rate is very low, and it has to rely on borrowings in order to finance

investments. rates way below inflation are an try to broaden the range unbearable burden to it, it is of goods and services offered, excessively "milked" by governments, from local to federal, firms, speed up innovations, and and by various social services, create jobs for more than a

There has been an obvious need for reform, and a long-term stahilisation programme, approved more than three years ago after several years of bested debates diagnosed the ills and prescribed the medicine. It was bitter medicine, Instead of a phastical section. phantom, a real economy has to be created it said.

It should be determined on the market place what was sound and capable of surviving and what should disappear. Tho programme itself was comprehensive and only its full implementation promised sucters but it was never implemented in its entirety because of opposition and bitter resistance to it as it hurt too many rested interests and privileges.

Partial implementation, which still does not produce positive real interest retea or realistic exchange rates, aggra-vated problems and increased inflation.

The Government la now making another attempt at a more comprehensive implenta-tion of the programme. It is proposing a model of inflation accounting, which should pro-duce realistic figures, present real and not fictitious values.

The Government would allow The Government would allow more companies to go bankrupt. It intends to curb domestic demand and support exports. It will insist on efficiency, productivity, and finacelal discipline. It has the backing of such leading bodies as the state presidency and the Central Committee of the ruling League of Communists.

In view of past experiences.

In view of past experiences, that is not enough to guarantee success, as forces in republics and part of the economy which stand to lose will try to sabotage reforms as they have done so often in the past.

too high and a lot can and should be done in the field of energy conservation. New facilities will have to be built. The Government efforts have been restments. also directed towards encoura-For that reason even interest ging small businesses, to so that its share in its own million unemployed, or rather income has been steadily falling job seekers, many of whom are in the last few years.

Due to the accounting system, which allows unrealistic depression of the accounting system.

ries will have to be burn. The Federal Government is working on a programme to the year 2000. Several scenarios will be prepared, some taking into account the construction of nuclear plants, in spite of a widely-spread public hostility against them, especially after Chernobyl.

Boost for furniture sales

the government's agenda is to attract foreign capital. The THE FORESTRY, sawmills, furniture, and pulp end paper industries are part of one of attract foreign capital. The joint venture and other related legislation has been changed and emended several times in the last two years, and the government has been determined to introduce new changes in order to must the requirements of foreign investors.

That is good and had at the same time. While more and more foreign companies are interested in investing to Yugoslavia, an increasing number have been complaining about too many and too rapid changes the largest complexes in the largest complexes in the Yugaslav ecocomy, employing about 300,000 people and earning the country \$800m a year in foreign exchange, four-fifths of it in hard currency.

Furniture is manufactured in

Furniture is manufactured in 310 factories, with about 90,000 workers, and its annual exports total \$340m.

Both export figures have been considered too low. Ambitions are to increase considerably sales abroad and to change their composition, so that less loss and timber and too many and too rapid changes in legislation. Whereas in 1984 only 14 joint that less logs and timber, and more finished goods are exported. The value of furni-ture alone should reach \$500m by 1990. venture agreements were regis-tered, in 1965 and 1986, after

by 1890.

Two officials of the Chamber of Economy of Yugoslavia who are in charge of the furniture and related industries, Mr Gobko Bojic and Mr Krsta Milinele, are optimistic, although they polot out the many difficulties to be overcome.

As in other industries, production facilities have to be reconstructed and modernised, with only a few new ones added, More changes will be made in the legislation in the near future. The joint venture law will be amended to improve possibillies for exports and imports, for barrowing abroad.

for transfer of profit, and for paying the foreign partner in kind — now possible only in agriculture and the ori industry.

Also to be amended are the with only a few new ones added, in some of the underdeveloped regions. New technologies have to be introduced, quality and design improved. Money, Including foreign exchange, should not be much of a problem. long-term co-operation law, trainer of technology law, banking law and property law. While satisfied with the increase in joint venture agreements, Yugoslav authorides think there is much more scope for them. Yugoslav companies have prepared a large number of projects to offer foreign partners; 80 in industry, 41 in tourism and 17 in agriculture.

The main thrust will be to attract investments in sophisticated production, in chemical

should not be much of a prob-icm because the industry's exports to imports ratio is a very favourable four to one. So it could buy new equipment worth up to \$100m by 1990. That, however, would not be enough. Production costs are very high, so that Yngoslav furniture is not competitive at the present be present.

ticated production, in chemical industry, genetic engineering, electronics, mechine building Industry, as well as in tourism and agriculture. The crux of the matter is that the quality and design offered cannot stand aerious competition and depress prices. Recently, Yugor's v companies exporting to the US have started hiring American designant and the procedure and the process and the procedure and the procedur One problem Yugoslav industry has so cope with is energy supplies. Energy consumption per unit of production is much designers, and that practice may spread. There has also been some improvement in the quality of components.

That, and export promotion, expertise and marketing and similar tools should enable Yugoslav furniture magufacturers and exporters to reach their goal, which is to increase sales by 50 per cent in four years.

Aleksandar Lebl

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Shipyard profit low

THE VALUE of ships to be embassy io Belgrade, its shipdelivered by Yugoslavia's ship-owners have a total of 11 ships yards by the end of 1989 ordered in the five shipyards exceeds US\$1bn and oo new for delivery in 1987-89. That

Prices are such that the yards cannot make much profit. But it is considered more important to bave capacities and manpower employed and not to have losses. Shipowners obviously consider prices reasonable for the quality, of the ships built. Most are huilt to owners' design and specification.

Contrary to the widely held belief that Yugoalev shipyards are overdependent on Soviet orders, Sudolmport, the Soviet trading organisation which places orders for various shippers, is not always the higgest buyer.

According to the Norwegian

yards by the end of 1989 ordered in the five shipyards exceeds US\$1bn and oo new orders for ships over 20,000 grt for delivery over the next two 83,700 and two 40,000 grt ship major maritime shipyards of the country, based in Pula, Rijeka, Kraljevica, Trogir and Split. In short, the world ship building crisia bas affected Yugoslavia much less than most of its European competitors.

Delay ordered in the five shipyards for delivery includes four 140,000 grt, one 33,700 and two 40,000 grt tankers, and two 100,000 grt bulk earriers, valued at \$257m. Sudoimport has ordered 25 ships totalling 280,030 grt for delivery bulk earriers, valued at \$257m. Sudoimport has ordered 3,700 and two 40,000 grt totalling 280,030 grt for delivery in 1987-89. That includes four 140,000 grt tankers, and two 100,000 grt bulk earriers, valued at \$257m. Sudoimport has ordered 25 ships and two 40,000 grt total five arriers, valued at \$257m. Sudoimport has ordered 28,700 and two 40,000 grt total five arriers, valued at \$257m. Sudoimport has ordered 28,700 and two 40,000 grt total five arriers, valued at \$257m. Sudoimport has ordered 3,800 grt for delivery bulk earriers, valued at \$257m. Sudoimport has ordered 3,800 grt for delivery bulk earriers, valued at \$257m. Sudoimport has ordered 3,800 grt for delivery bulk earriers, valued at \$257m. Sudoimport has ordered 28,700 and two 40,000 grt total five arriers, valued at \$257m. Sudoimport has ordered 28,700 and two 40,000 grt total five arriers, valued at \$257m. Sudoimport has ordered 28,700 and two 40,000 grt total five arriers, valued at \$257m. Sudoimport has ordered 29,700 and two 40,000 grt total five arriers, valued at \$257m. Sudoimport has ordered 29,700 and two 40,000 grt total five arriers, valued at \$257m. Sudoimport has ordered 29,700 and two 40,000 grt total five arriers, valued at \$257m. Sudoimport has ordered 29,700 and two 40,000 grt total five arriers, valued at

offer the same favourable credit and other conditions to local buyers as they do to foreign ahlpping companies, thanks to the support from the Yugoslav Bank for International

Yugoslav shippards export some 95 per cent of the tennage they build, and deliver only a fraction to Yugoslav shippers. The reason is that they cannot

Bank for International Economic Co-operation (Yugo-slavia's export credits bank). That problem has some chance of being resolved soon, but meanwhile, Yugoslav companies themselves buy ships from foreign shipyards, or second hand.

Food exports fall

YUGOSLAVIA HAS been a food exporter for decades. In the early fifties food exports accounted for come 40 per cent of total exports. With industrialisation it has been falling and it is now some 13 per cent to 14 per cent of the total. That has been a normal process and nothing to worry about. What is worrying, however, is that the value of those exports has been decreasing in recent years. While it was about \$1.27bn in 1984, it was only \$1bn last year, and will be even less this year. Part of the explanation is in the general fall in agricultural prices in the world in the last several years. The price of one of the main Yugoslav exports, maize, has been haived as it sells now at \$70 per fonne. It is also true that there has been growing protectionism almost everywhere for agricultural produce.

While all that is true, it has

duce.
While all that is true, it has also been clear that Yugoslava have not been doing all they could to promote their food exports. At times it seems as if they were resigned to the fact that there is little they could do.

The competitive position of Yugoslav food products has been deteriorating. Production others should help export-costs are high. More money would be required for export incentives but that is also true be learned gradually, in some of other products, and the exercise with the assistance of everall amount for that purpose does not suffice. To take the does not suffice. To take the

guaranteed price is dinars 56,700 per tonne, which is equivalent to \$120. Thus each tonne exported would have to be subsidised to the tune of

\$50 per tonne. Not enough has been done in marketing quality products like food or wines, although the country has many specialities and quite a few high quality wines. There is no Yugoslav product well known in the world, like similar products from many other countries, including some other countries, including some neighbouring ones like Hun-gary or Bulgaria. Awareness, however, has been growing with food and wine producers, as in other industries, that it is not enough to have a good product but thet it has to be promoted and that in the modern world, marketing is as important as producing.

For the promotion of agricul-tural products several so-called funds have been established: for vegetables, cereals, hop, fish, sugar and tobacco. They receive support from the federal budget, which in fact channels part of customs duties to them. That, and money they get

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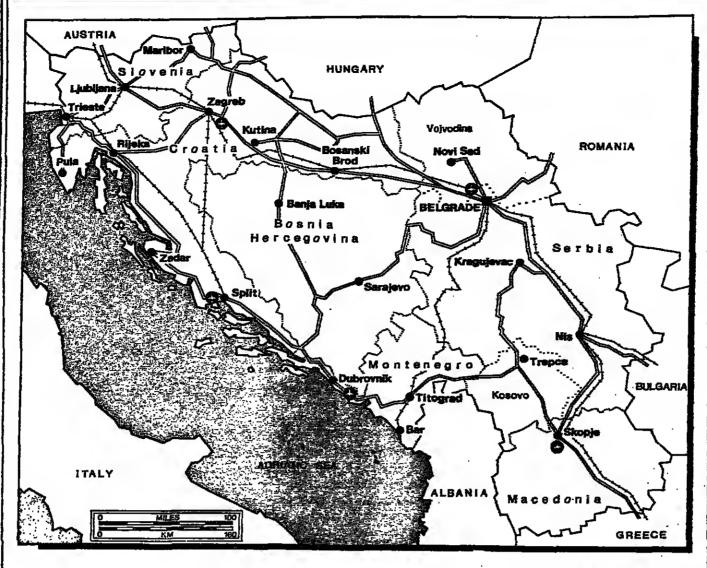
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YUGOSLAVIA: Trade & Industry 4



Tourism

Surge in joint ventures

of both consumers and prospective investors. Although the Chernobyl disaster put a damper on trade in May and early June and its effects were felt well into July, figures for the first mine months of this year show a 9.5 per cent increase over the same 1985

Tourist authorities expect the year to end with officially registered foreign exchange earnings from tourism of

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(1988) INDUSTRUA NAFTE ZAGREB

TOURISM IS one of the few \$1.3bn, 25 per cent more than areas where Yugoslav optimism in 1985. That includes effects appears to be matched by of the dollar devaluation visatoreign enthusiasm on the part vis such European currencies as the Deutsche Mark, German tourists account for some 40 per cent of the total.

Actual earnings will be even higher, perhaps by 50 per cent, as there has been much of the so-called "private clearing" in which foreign tourists pay for their rooms and food in the private sector by foreign currency or dinars taken abroad hy the Yugoslavs and bought by foreign tourists at slightly better exchange rate han the official one.

It is not clear to what extent inflation may offset the impact of changes in the law on joint ventures effected or currently under consideration. These include relaxation of controls on foreign management and of the rules for repatriation of profits. However, the tourist authorities who are looking for foreign partners for their billion dollar development programmes — for projects and winter sports facilities -report a high level of interest with several major projects

Most foreign interest still appears to be concentrated on the Dalmatian coast, but there

being negotiated.

the Dalmatian coast, but there are also plans for new hotels in several of the regional centres, not to mention plans for a new \$10m hotel in Belgrade.

The Ministry (Federal Committee) of Tourism has ambitious plans for further development over the medium term (to 1990) and the longer term (to 2000). The first phase, a \$1.2bn programme, aims to boost the number of tourist beds by 125,000 (85,000 in hotels and motels, the rest in camps, pensions and upgraded camps, pensions and upgraded private accommodation) generating 90,000 jobs and earnings estimated at \$3,2bn.

Over the longer term, there are to be eight separate programmes covering further upgrading of existing accommo-dation, more hotels and leisure complexes, new roads, health

resorts and spas, winter sports centres, marinas and yachting facilities, development of tourist facilities in the main cities, and a boost to the small private business sector including restaurants, cafes and

"The general economic situ-ation is not a hindrance to tourism," insists Mr Miodrag Mirovic, the federal minister.
"The rate of profit in Yugoslavia is almost as good as anywhere in the world. Sometimes foreign investors are sceptical, but that's because they don't know enough about us. They know enough about us. They
think because we're socialist
it's not safe to invest here. But
we are one of the safest places
in the world. We have always
paid up on time."

Mr Mirovic concedes that
efforts to promote the country's
tourist facilities abroad are not
all they might he but his plane

all they might be, but his plans to change this do not match up to his plans for development of facilities within the country. "We're not satisfied with promotion so far, it's not aggressive enough," he says.

"In fact we have drafted the text of a new law on promotion overseas, which is to be con-sidered next month." He adds that reliance on the hotel chains and big tour operators has proved to be a good way of promotion in the past, and that beyond legislative changes, nothing much further is en-

In one area, winter sports, some of the largest Yugoslav trading firms like Genex and Inex have discovered a promis-ing business and have started investing considerable sums. Genex has been developing the Kopaonik mountains less than 100 miles south of Belgrade, with 44km of ski tracks, while Inex has been concentrating on the Sara mountains whose northern slopes are in Kosovo. In both places many new hotels and much infrastructure have been built. While transport for individual foreign vistors is complicated, it is hoped that charter flights to airports not too far from the mountains will bring larger groups from various European and other

After the 1984 winter Olympic Games Sarajevo founded a specialised organisation Zoiltours to exploit facilities constructed for the games.
They are minutes from the centre of Sarajevo and the access is easy. There are numerous hotels, and skiing is not the only thing the city has to offer.

There have been several new developments in the field of developments in the field of tourism. Foreigners, who cannot own real estate in Yugoslavia, are now able to take up time-sharing in tourist facilities. The Government has also decided to encourage the opening of duty free shops at border crossings and elsewhere, in five and four star barels, and in marines. star botels, and in marinas.
So far some 200 such shops have been opened and the figure could reach 400 to 500

> Margaret van Hattem and Aleksandar Lebl

Business THE SOCIALIST Federal Re-

public of Yugoslavia comprises six socialist republics: Bosnia and Hercegovina, Croatia, Macedonia, Montenegro, Serbia (in-cluding two socialist auto-nomous provinces, Kosovo and Vojvodina) and Slovenia.

Clockwise its neighbours from the North West are Italy, Austria, Hungary, Remenia, Bulgaria, Greece and Albania. The population is about 23.3m. Serbo-Croatlan is the official language in all republics except Macedonia and Slovenia where respectively, Macedonian and Slovene (both southern Slav languages) are used. Albanian and Hungarian are both officially used in some areas, two or more languages may be officially used in autonomous pro-vinces and communes with

Among foreign languages, English is the most widely used, followed by German and French. A translation service can usually be arranged through hotels, tourist offices or local enterprises.

enterprises.

Federal holidays are January 1 and 2, May 1 and 2, July 4 and November 29 and 30. Should one of those fall on a Sunday, the following Monday is a holiday. In addition, each republic has its own one-day holiday. day holiday.

The Yugoslav currency is the dinar, officially valued on December 4 1936 at 438 to the US\$ and 628 to the pound ster-ling. Inflation in November 1986 stood at 93.4 per cent. Black market premiums on hard currency are usually between five and 10 per cent.

Cash and cheques can be exchanged at the many exchange offices in banks. hotels and post offices, subject to a three per cent commission Most credit cards are widely accepted.

Cars can be hired in most main towns through Yugoslav travel agencies. Major inter-national car hire firms include Avis in Belgrade, Europear in Sarajevo, Hertz in Belgrade, and inter Rent in Ljubljana. The basic working week is 42 hours. Most businesses and offices, including government offices, are open between 7 am and 3 pm, some ataying open till 5 pm on Wednesdays. Shops have staggered hours, some clos-ing at noon and re-opening in the afternoon between 5 and 8.

Shops and banks close early on Saturdays. Direct dialling is available on phone calls to and from most European countries and soma others. The code for Yugoslavia others. The code for Yugoslavia is 38, followed hy 11 for Belgrade, 41 for Zagreh, 61 for Ljubljana, 71 for Sarajevo and 91 for Skopje.

Most Yugoslav companies, banks and hotels have telex

Aleksandar Lebl

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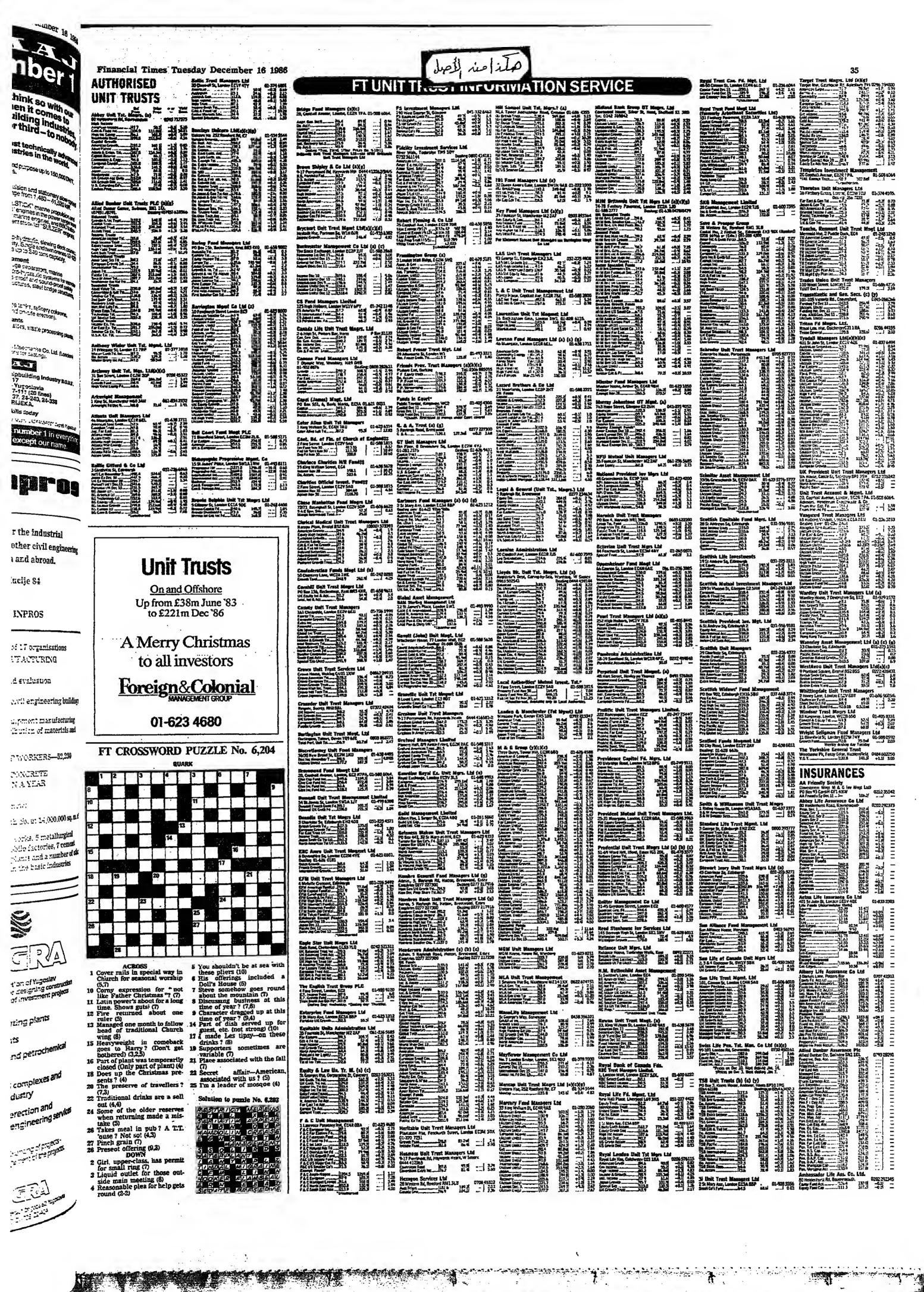
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ORANGE JUICE 15,400 %, =

US MARKETS

week, reports Heisold.
Brazil's new coffee council,
of which the Brazilian Coffee
Institute is to become the

Onec meeting.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

COFFEE "C" 37,500 th, cents/lb

'Big five'

crisis

meeting

THE WORLD'S "big five " grain

Agriculture Ministers from the US, Canada, Australia, and Argentina and the EEC's Agri-

The group, which accounts for about 95 per cent of world wheat trade last met in Whistler, British Colombia, in June. No progress was recorded on that occasion, and since then the situation has dateriorated.

Trade tensions between the US and the EEC have been

beightened by a dispute over access for US malze to Spain following that country's accession into the Community, and the 1986-87 Soviet grain crop

now appears to be much bigger than had been anticipated, add ing to the pressure on prices.

imports by a relatively modes 5m tonnes to 24m but an IWC official said yesterday that this figure was likely to cut fur-ther, possibly to around 20m

The Soviets appeared to have

learned the lesson of past mis-takes, the official said, and were

concentrating more on improv-ing yields rather than simply stepping up sowings as in the

past. Post harvest losses were still "unacceptably high," he

said, but progress was being made on that front too.

He described last week's IWC

council meeting as "relatively harmonious," with exporters

tonnes, in the next report.

Opec defers discussion of oil production cut

leum Exporting Countries met again last night in full Miniagain last right in fun Amir-sterial session for the first time since Saturdey to discuss the setting of price differentials around a central reference of \$18 per barrel.

Talks on the critical question of a production cut was deferred, apparently because Mr assim Taki, Iraq'a Minister of Oil, bad to consult with bis bead of state, President Saddam Hussein.

Earlier he bad confirmed to reporters that his brief only permitted him to agree a pro-duction quota if it was raised to equal that of Iran. Otherwise Iraq says it must continue to be exempted from any proto be exempted from any production sharing system. Delegates suggested that a desdlock might possibly be resolved if Iraq were to make a pledge of voluntary restraint." Iraq bad a quota of 1.2m barrels a day under the Opec accord of October 1984 which set a ceiling of 16m h/d, the level which the majority of members feel is necessary if they are to declare a fixed average price of \$18 per barrel, as Kimg Fahd of Saudi Arabia has demanded.

of Saudi Arabia has demanded. Iran is said to have suggested that its enemy should be sufficient to raise after taking account of invelopment its enemy should be prices to the desired \$18 per tory draw-down of about barrel.

However, apart from Iraq, three other countries, Gabon, by Saudi Arabia is said to be Equador and Qatar, are asking Arabia and Kuwait. Mr Taki to be exempted from the agreement of the session hut was represented by his deputy, Dr Ramzi Salman. It is only prepared to hring It seems that the Iraqi chief

THE ORGANISATION of Petro-leum Exporting Countries met sure from Mr Hisbam Nazer, again last night in full Mini-the setting Saudi Oil Minister. during intensive and secretive talks before yesterday's meet-ing on the fourth day of this

Saudi Arebia has proposed a



Mr Hisham Nazer . . . seeking a comprehensive agreement

would be sufficient to raise prices to the desired \$18 per

members agree to share the burden. In these circumstances it was difficult yesterday to give much credence to the optimism expressed by several chief delegates in snatched lobby ex-

whatever accord on produc-tion restraint is reached—and it will probably be an untidy one—the conference is likely to last until towards the end of the week, because of the techni-cal difficulties in reaching an accord on price differentials.

It was clear that Mr Nazer's left bim no choice but to reach comprebensive agreement on fixed prices for different crudes produced by members. The oil industry and traders, bowever, are simost unanimous that any such attempt to re-establish a system of fixed prices is doomed to failure and will only en-courage "cheating" or nonobservance of quotas, thereby eroding prices. It is a view shared by at least one promi-

nent delegation here.
Opec experts calculate that demand for member states for crude in tha first quarter of 1987 will be around 17.1m h/d after taking account of inventory draw-down of about

Brent crude trades above \$16

BY LUCY KELLAWAY

THE PRICE of Brent crude oil rose above \$16 yesterday, for the first time since it collepsed in the spring, encouraged by the expectation that an agreement on production cuts would be reached at the Opec meeting

\$16.35, about 55 cents higher and that the meeting bad been than Friday's close, and sbout adjourned.

\$2 higher than a week ago.

The movement on the New fused markets I've seen in a or seven trades.

York Mercantile Exchange was long time," said Mr Peter The sharp m

more muted with West Texas Beutel, energy analyst at Elders Intermediate only 30 cents higher by mid afternoon, while In London the mood was more the spread between the two positive, with most traders har-crudes narrowed from a normal gaining on lower output from level of about 70 cents to about

At the end of the sixth day of what has already become one

of the longest-ever meetings outside the annual farm price

negotiations, the UK'e Agricul-

tural Minister was etili desper-stely searching for a new com-

spiralling beef and hutter sur-

emerged yesterday to compli-cate further what is already s perplexing set of negotiations.

Three

pise to cut the Community's

new developments

moved out of line was yesterday taken as a sign of the general all before—it never works out confusion in the market place. Late yesterday afternoon trading was thrown into confusion

The increased optimism has been applied to the property of the propert hy three reports in the space of balf an hour which said, respectively, that agreement had been In London, Brent for delivery reached on production cuts; that in February traded as high as no agreement had been mede;

MR MICHAEL JOPLING was Mr Deasy, whose Government is British and French beef and

last night helding to his feeing an almost certain general lamb but the new proposals-promise to keep Europe's Farm election in the New Year, said implying slightly more generous

Ministers talking until they the beef and dairy sectors were domestic farm price increases reach agreement on Common not only important to Irish in the countries concerned than Agricultural Policy reform.

Agricultural Policy reform. agriculture, but vital to the originally envisaged—could well

The latest Commission com-

promise, which was presented to red-eyed Ministers at 6 am yesterday, contained a number

of new elements—notably the withdrawal of a proposal to nay

beef farmers an annual

The so-called slaughter pre-mium, payable in Britain, would

remain under the latest pro-

premium.

to soften the impact on Ireland. approve such devaluations on per 100 kg.

Mr Austin Deasy, the Irish Finally the Commission Farm Minister, was openly threatening to veto to the letest Commission compromise unless significant changes were made have so far been unwilling to

Irish economy as a whole.

brought with it much higher volumes. Yesterday and on Fridev the daily turnover was more than 20 cargoes in the Brent merket, ebout twice the average volume over the past month, when daily turnover has

The sharp movement over the past two days in the crude market yesterday spilled over into the products market. On the International Petroleum Exchange in London gasoil

prove an important bargaining chip, particularly with the French.

Mr Jopling was last night involved in a new series of

bilateral negotiations with his colleagues in a bid to try to iron out difficulties over the

latest Commission compromise. This again sets 6 target of 6

namonius, with exporters showing more interest in co-operation. Hopes for a "cease fire" in the grain trade war seemed to have improved slightly, be said. opec next year, and talking futures rose by \$5.75 a torne cents.

The fact that Brent and WTI

The fact that Brent and WTI He also noted that, while de veloping countries in general welcomed prevailing price levels, export competition and easy credit facilities, some of the more sophisticated recog-nised the danger that frame **EEC** farm marathon continues cutbacks in grain availability

might result from current below-cost price levels. Some countries had indicated dependence on external supplies of food grains by encouraging domestic production, the official said. But those with expanding livestock industries would probably import increasing amounts of grain.

LONDON METAL ECHANGE WAREHOUSE STOCK (Changes during week ending last Friday)

9.5 per cent cult in milk pro-		(tormes)
duction over the next two years with milk quota cuts achieved through a combination of applying the existing voluntary cessation of Ecu 6 per 100 kg and temporary cuts in quota with compensation of up to Ecu 12.5	Aluminium Copper Lead Nickel Tin Ziac	-5,325 to 112,450 -25 to 179,100 -1,125 to 32,900 +360 to 7,326 -495 to 40,000 -375 to 17,100 (ournes)
per 100 kg.	Saver	-120,000 to 23,204,000

Worrying times for the livestock sector

MR MICHAEL JOPLING, Britain's Agriculture Minister, was given a pretty rough ride at the Smithfield show earlier this month by angry livestock farmers who felt they were getting the short end of the stick in terms of prices, especially in comparison with especially in comparison with their Irish competitors.

What they were demanding was a devaluation of the green pound "—the artificial was a devaluation of the "green pound"—the artificial exchange rate at which EEC farm eupport levels are translated into sterling—by about 6 per cent to counteract the advantage gained by the Irish when their "green punt" was devalued in September. Failing that they threatened direct target by the EEC on December 1. These eubstances are used throughout the world, and although no harmful to have occurred in man from setting meat produced with their assistance EEC consumer resisting that they threatened direct

culty appears to be in the cowheef sector. Compared with last
year the trade for pure hred
beef animals is only marginCharolais in thair make np, will

resolved, the whole of the beef industry is exposed to another



per cent to counteract the advantage gained hy the Irish when their "green punt" was devalued in September. Failing that they threatenad direct action at the ports to prevent imports of Irish beef.

Such a devaluation could form part of the package emerging from the current deliberations of the Council of Agriculture Ministers in Brussels.

Apart from wiping out the Irish advantage, calculated by Britain'a National Farmers' Union at about £34 per head of cattle, it would assist UK

Axports of cow beef to Europe and also raise intervention and though no harmful effects have yet been proved to have occurred in man from setting meat produced with their assistance EEC consumer resistance bas succeeded in achieving the ban.

Their use on growing cattle enables them to make better use of feed and the carcases will meture, or become fit for elaughter, much sooner than they would on the same feed without them. This is particularly on the continent.

There are two sources of beef cattle: from dairy berds.

to produce beef st a profit at present prices. For this, how-ever, there is another factor to be blamed. The beef animal is the most inefficient converter of feed into flesh in the farm yard. The best example is to compare it with a sheep. A breeding ewe will in the course of a year produce ber own weight in lambs. A breeding cow, even of a beef breed would do well to get one calf of half ber weight over the same period.

One of the reasons that beef la mainly 6 by-product of dairy berds is that most of the costs of keeping the cow are met by

of keeping the cow are met by sales of milk. A bormone ban has been in

Britian'a National Farmers' Of the beef trade, particularly On the continent.

Of the beef trade, particularly on the continent.

There are two sources of the pure beef and also raise intervention and target prices in aterling terms.

The Irish are keeping a low profile at the moment, but it does appear that for the last few weeks there has been and from dams of the pure beef available in the non-banning do not make good conventional beef carcases and, even when the few weeks there has been and from dams of the pure beef available in the non-banning do not make good conventional beef carcases and, even when the third this illicit traffic will continue. They are also widely breads, the resultant calves in the US and that country will not perform se well as pure bred beef animals. But the third this illicit traffic will continue. They are also widely breads in the US and that country has been in on the continent.

A bormone ban has been in operation in several European occuntries for countries for countries for eome years and there have been talks of wide-spread smuggling of thess materials. They are freely available in the non-banning countries so it seems certain that this illicit traffic will continue. They are also widely breads in the US and that country has been in on the continent.

A bormone ban has been in operation in several European occuntries for countries for countries for eome years and there have been talks of wide-spread and from dairy breads are freely available in the non-banning countries so it seems certain the pure dairy breads are freely available in the non-banning countries so it seems certain the pure dairy breads are freely available in the non-banning countries for coun products from there will be

Should the ban be strictly enforced, and I believe it will grow extremely quickly and be in Britain, once existing make a much heavier carease with the belp of bormones.

By the in Britain, once existing stocks are used up, there are several alternatives. One would industry is exposed to another Without hormones many be a return to breeding pure the Council of Ministers and threat; that from the ban on farmers would find it difficult beef animals such as the Aber-everyone else allowed it to.

all, they provided the best beef long before these chemicals were ever thought of, although very expensively.

There is also a case for further research into food confurther for here is also as the food confurther research into food confurther research into food confurther for her here.

version for beef animals. It may for instance be possible to keep them longer on a lower plane of nutrition and atill get them fit in the end. That may be expensive in present cost terms—but are we so sure that land rid cereals prices are going to keep their present high levels On an intensive basis there

is a system of fattening calves on pure barley. This works quite well with calves which have not been castrated. Bull beef, as it is called, is widely produced on the conti-nent, and while some find it immature thera is a market for lt. However, once balls get much beyond about 10 months old they become difficult to

handle,
Any solution to the beef Any solution to the been surplus is very dependent on the dairy sector. The latest suggestions on EEC reform stipulats the removal of sbout 9i per cent of dairy production from the community. This would mean the elimination from the European herd of some 2.4m cows. Once that has been done there will be a permanent shortage of that number of calves a year, to say nothing of the reduction of cull-cow numbers. A permanent shortage of that extent would do wonders for the beef trade, and raise prices high enough to make both the beef and dairy industry viable. The time scale would be fairly long but it could really happen if

LONDON MARKETS

NICKEL prices fell for the fifth successivo trading day on the London Matal Exchange. The £10 fall in the cash position to £2,482.50 a towne took the aggregate decline to £60. Dealers said the metal ended the afternoon firmer following a spata of consumer short covering and speculative bargain-hunting, but this was insufficient to turn the market round and they thought further falls plan grain they thought further falls might be imminent. Among the soft commodities cocos exporters are to make another strempt to end the "trade war" betwen the US and the EEC and the resulting slide in market prices for cereals. and coffee prices continued to move lewer, though by very modest amounts. Sugar was in sharp retreat in the afternoon as technical and chart factors pushed the nearby positions down by about 37 a tonne. Dealers said the late move mirrored the tone in the New York markets which was also responding to chart factors. culture Commissioner are expected to attend a two-day crisis meeting in San Diego, California, in February, according to officials of the London-based Internetional Wheat Council responding to chart factors.
Long liquidation and stop-loss selling were also featured in the London market falls, they LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

A-0.			
	Jactick Siese (p. 2 per	tonne	High/Low
Cash 3 month	791-2 805.5-6	-2.5 4.5	785.5/794. 1007.5-906.
(800-1), settleme	three mon	the BOS-7	Cesh 794- 7 (810-10.5) Kerb close snes.
COP	PER		

than had been anticipated, add-	COPPER			
ing to the pressure on prices. The bigger Soviet crop—now	Grade A	ciose	+or	Hightow
put at 210m tennes against 192m tennes in 1985-85—re- sulted in the IWC lifting its world barvest forecast by 12m tennes to a record 1.38bn tennes in the market report it issued last week. The report reduced the forecast of Soviet	e months Official cle (832-3.5), tr 2.5), settles Kerb close: Standard	ITS MAN	1): Cu	eh 932-2.6 -50.5 (952-
imports by a relatively modest	Cash	903-4	-5_	905

Official closing (am): Cask 904.5 (903-4), three morries 928-9 (929-30), semigement 905 (904). US Produced prices 52.25-6.5 cents per pound. Total

LEAD		
	Unofficial 4- or close (p.m.) — £ per toone	High/Low
Cash S months		361 328:325
(367,5-8. (321-7,5) Kerb cli	closing (am): (5), three morning, settlement 361 (3) page: 325-5.5. Turn IS Spot: 24-28 parts	325.25-5.5 58.5), Finel over 4,700
NICK	EL	
	! Unofficial + or	1

	£ per toone	High/Low
	2480-3 1-10 2536-42 1-9	9475 2540;2525
(2470-5), t	Closing (am): Ca brest months 2530-5 2475. (2475). F 0-50. Turnover 1,1	(2526-30), Total Kerb

ZINC		.01-1 ()	
High grade	Upofficia close (p.r £ per	tobpe	HighsLow
Cash 3 months	540-1 587-7,5	-3.5 -1.25	549.e 538,536

months	587-7.5	-1,25 53	5,536
545-6), t attiemen	tree mont	m): Cash: Its 538-9 (53 Final Kerb	9-9.5), close:
		o tonnes. US nte per poun	

KUALA LUMPUR TIM MARKET— Close: 16.29 (16.39) ringgit per kg. Down 0.10 ringgit per kg.

Gold rose \$4 to \$394-3902 on the London boilion marker yearsidey. It opened at \$3834-3942, and was fixed at \$394-50 in the morning and \$394.30 in the afternoon. The metal touched a peak of \$3952-3964, and a low of \$3334-3544, at the apaning.

GOLD BULLION (fine ou	nce) Dec. 13
Close \$394.5941a	(E8743 ₁ -8751 ₄)
Opening \$3855-39414	(E8741 ₂ -876)
Min's fix \$394.50	(E875,215)
Aft's a fix \$394.50	(E875,167)
GOLD AND PLATIN	UM COINS
Am Eagle 84064-4114	(£2851;-287)
Mapielest 84024-407	(£2611;-8841;)
Krg'riid 8898-895	(£2741;-2753;)

GOLD AND PLATIN	UM COINS
m Eagle 84064-4114 isplejest \$4024-407 rg'rhd \$898-896	(£28514-287) (£26114-86414) (£27414-27534)
Krig	(£15714-15954) (£7013-7114) (£288-284) (£2814-5114) (£8414-5514) (£5614-6614) (£50714-543) (£36019-36714)
SILVER	

LASE - Turnover: 4 (3) lots Cesh high/low 371.1p; three months high/low 390.5p, final kerb 391-3.

SOYABEAN MEAL

Sales: 229 (1,079) lots of 20 tonnes.

COFFEE FUTURES fortrusted in a well wors range as the market settled back to await the Brazilian 1967 pricing policy, which may be delayed until Friday or next week, reports Heisold. REUTERS Dec. 15 Dec. 12 M th ago Year ago 1637.2 1638.2 1508.1 : 1775.9 (Rass: September 18 1931=100)

DOW JONES Jones 18 11 ago ago Spot 217.15117.09 - 122.46 Fut 116.17116.46 - 125.67 (Sesa: December 31 1931=100)

INDICES

MAIN PRICE CHANGES in tennes enless otherwise stated, Dec. 16 + or Month

	1986	_	200
METALS			
Aluminium	!	1 -	1
Free Market		+5	\$1275/24
Copper	CORD E	1.9	6911.5
3 mins.	2051.75	Ιī	C935.2
Gold Troy oz.	5394.25	1+4	8407.2
I and Cook	2350 P		E329.5
3 mths	<u>:£885,£5</u>	}_8.5	C332.2
Free Witt			454194
Palledium oz.	121 1A 95	Tom	2196.4
Platinum oz		+ 15.2	4550.0
Quickslivert	\$155/16	i)	:5 !56/17 (
Silver truy cz	379.80p	+3.2	1407.05
_3 mths	_389,70p	+3,5	417,66
free Mict	F-4780/490	10	CARROL AND
Tungsten	847. 64		\$46.98
Wolfram 27 Mb.	E32/48		\$32/42
Zinc	£540,5	-3.5	£32/42 £578,5
3 unthe		-126	2550,5
producers.	1.[9010	-	1920
OHS			

Barley Fet. Mar. 2114.05 +0.18.2111.55 Malze #143.50 _____6143.05 Wheat Fet. Mar. £112.75 +0.86£110.60

COFFEE

Robusta futures moved in a carrow ange throughout a quiet session, sports Oracel Barnham Lambers. New ows were seen setly in the attempor se further long liquidation his prices

it the market recovered towards the			
COFFEE	Yesterda	+ 0	Business
ar ar ay	1863-85 1786-86 1792-98 1820-25 1860-86 1860-90 1860-90	-6.5 -2.5	1885-1845 1805-1770 1890-1776 1839-1610 1850-1850

Sales: 5.130 (5.959) lots of 5 toones. PCO Indicator prices (US can'ts per posse) for December 12: Comp. daily 1979 130.01 (133.43); 15-day swerage 137.05 (137.70).

COCOA

1400-1403 —1.0 1400-1200 1435-1457 —6.0 1441-1455 1461-1465 —5.5 1468-1402 1491-1495 —6.0 1498-1495 1508-1507 —6.6 1511-1567 1553-1555 —6.5 1540-1567 1580-1565 —4.0 1666-1569 Sales: 2,163 [1,551] lots of 10 tonnes. FCCO indicator prices. Daily price for December 15; 89.32 (89.21); Swe-day sverings for December 15; 89.05 (88.95) US cents per poorid. Daily price 1639.86 (164) 551. Their persons.

(1831.72) SDRs per tonne.

POTATOES The London market opened elightly easier in line with a weaker Dutch market sod on the expectation of a bearish PMS report, seeing valens fall over £3.00 from Friday's close. The PMS released estimated November stock figures at 3.7/re tomas end reported lew problems with potaties in stone and that wastage is down or lest year. Opening £1.50 down at £153 after

year. Opening E1.50 down at £153 after lunch, values continued to fall with atop-loss selling pushing the market through £150.00 to close on a week cote, raports Coley and Herper.

& per tonne

6liver was fixed 3.20 se comes higher for apot delivery on the London button merker at 379.80. Use cent equivelents of the fixing fevels were: seot 544.50c, up 7.35c; thise-month 550.15c, up 6.25c; and 12-month 576.15c, op 7.35c. The metal opened at 377.476 p (541-543c) and closed at 380.381 p (545-547c).

81LVER Buffion + or L.M.E. + or per Price University | D.m. + or p.m. + or p.m. + or p.m. + or per price | D.m. + or p.m. + or per price | D.m. + or p.m. + or per price | D.m. + or p.m. + or per price | D.m. + or p.m. + or per price | D.m. + or p.m. + or per price | D.m. + or p.m. + or per price | D.m. + or p.m. + or p.m

Prices were under pressors for most of the session from commercial selling due to firmer starting and weeker cash markets. Some light option hedge buying and speculative abort-covering was else evident, reports Muirpace.

LIVERPOOL—Spot and shiement sales for the week commencing December 8 amounted to 871 tonnes, against 1,331 tonnes in the previous week. Fair trading brough susiness in Perceian. Chinase, Turkish, Pekistani and Morth and West African growths.

Closs High Low 60.10 80.15 59.95 60.16 59.95 60.40 - 59.96 60.70 60.80 60.55 61.30 61.35 61.15 61.86 61.86 61.86 62.46 62.86 - 62.96 COTTON 50,000 lb, cents/lb High Low 58.46 56.76 56.80 56.10 57.36 56.57 67.70 57.36 57.96 57.40 58.15 58.16 OU. (LIGHT) US gallons, 5 Latest 18.37 18.60 16.71 16.70 16.69 18.66 76.39 16.65 High 16.60 16.85 16.86 16.80 16.70 16.70 16.60 18,20 16,40 16,55 16,50 16,48 16,55 16,46 15,50

403.0 400.2 406.3 403.2 408.5 408.3 412.5 410.5 418.5 414.5 418.0 416.0 415.0 418.0 416.0 426.8 411.8 472.5 410.5 SPOT PRICES—Chicago loose lard 14.00 (same) cents per pound. Hendy and Harman silver bullion 547.00 (538.50) cents per troy ounce.

August 16.65 15.60 15.1 GOLD 100 troy ez, S/troy ex

Yesterday's Previous Business done

Seles: 1,135 (425) lots of 40 tonnes.

GRAINS

Old crop wheat steedled on firmer delivered merket but trade almost wholly consisted of Jan/Merch and Jaly/May switching, while barley was quietly steady an merchant short-covering, reports T. G. Roddick. WHEAT

+0.22 111.60 +0.28 +0.95 114.05 +0.19 +0.19 114.60 +0.69 +0.20 100.79 -0.19 - 105.55 -0.19 - 106.55 -0.19

Gusiness done-Whest: Jan 109.95, March 112.85-2.75, May 115.10-5.05, July 117.40-7.30, Sept 101.45, Nov 703.40, Jan untraded. Selec: 94 lots of 100 tonnes. Barley: Jan 111.50-1.30, March and May untraded, Sept 100.75, Nov est Jan untraded. Seles: 16 lots of 100 tonnes. end Jen untraded. Seies: 16 lote of 100 tonnes.

LONDON GRAINS—Wheat: U6 derk northern epring No 1 15 per cent Jnn 105.00, Fab 107.25. Merch 108.00, French 11½-12 per cent Jec 140.50. English fead fob Dec 112.75 buyer, Jes 114.50/15.00, April/June 118.50/119.25 buyer/sellerz. Matze: U8 No 3 yellow/French transshipment east coatt Dec 143.50. Barfey: English fead fob Oec 108.50 Peterhead, Jen 118.50/119.00 English, 114.50/114.75 Scottish, Jen/Merch 116.75/117.00 English, 115.50/116.25 English/Scottish, ell buyer/sellerz.

NGCA—Locations ex-ferm spot prices. Feed barfey: E. Mide 110.80. The UK monetary coefficient for the week beginning Mondey, December 22 (based on HGCA calculations using 4 days* exchange rates) is expected to change to 1.255.

RUBBER

The market opened steadler and met come calling erassure before firming a close quietly steady, reports Lewis and Past.

PHYSICALS—Closing prices (buyers):
Spot 84.50p (63.75p); Jen 62.50p (61.75p): Feb 62.75p (62.00p). The Kusler Lumpor fob prices (Melayslen cents e kilo): RSS Net 217.5 (210.5) and SMR 20 197.6 (195.5).

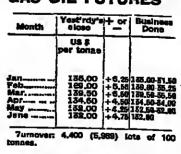
FUTURES—Index E54, Jen 689-699, Jan-March 654-674, April-June 674-684, Jely-Sept 650-595. Sales; Nil,

OIL Cruds oil activity centred on February front which uppened at \$16.10, peaked

ters were often 4p-8p dearer with duess a strong feature, while plainer sorts ruled fully firm; there were very few withdrewels. Battgledesh tase were irreguler but enchanged en belasce. Seat of good madium East Africans met better demend then of late siter a hearinst start, and were frequently 3p-5p higher with the remainder about stady. Selected coloary Cantral Africans sold clese to values, fart plainest variaties were 3p-5p easier, and sometimes neglected. Ceylons met se improved demand at generally dearer rates, apart from plainer limes and braken grades. Is the offshore section brighter tase remained fully firm, while ethers tended exiler. Quotatiens: quality 178p a kg nessinal (175p); mediam 150p a kg (145p); low medium 11p a kg (113p). essed back to \$16.20 by the London close. Nymex WTI for Jessery opesed 10c up, traded as high as 50c ep during the some off 20c by 1.30 pm EST in response to uncertain reports from Geneva. Is the petrolesm products market prompt gas ell and sepithe firmed in aymosthy with specialities markets, bet were thinly discussed. Gasoline was quiet and stable. Fuel oil firmed in thin trading—Petrolaum Argus, London. Latest

CRUDE OIL-FOB (\$ per barrel)-Jan. 14.70-14.80 +0.55 16.00-15.10 +0.60 16.30-16.40 +0.60

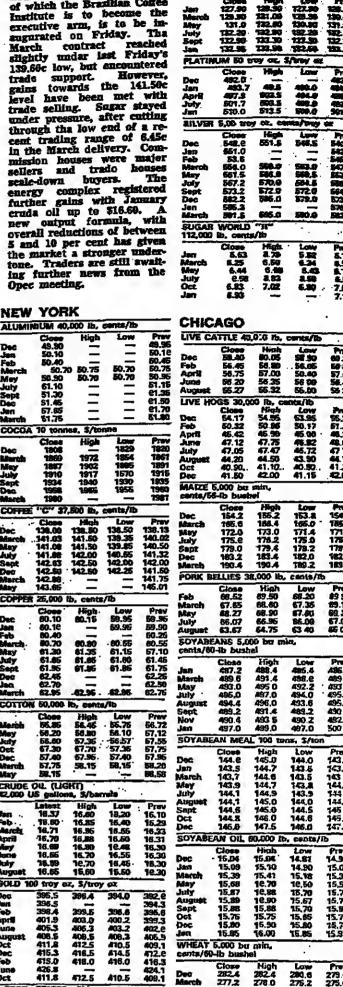
GAS OIL FUTURES



HEAVY FUEL OIL

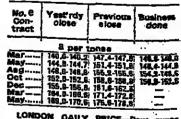
US 4

atock prices at representative markets. GB—Cattle 94.25p per kg lw (-3.12). GB—Sheep 217.37p per kg eat dow (+4.56). GB—Pige 76.97p per kg lw



SUGAR

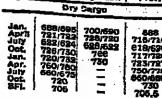
PARIS—(FFr per tonee): Merch 1175/ 1180, May 1210/1212, August 1252/1255, Oct 1278/1280, Dec 1310/1320, Merch 1355/1365,

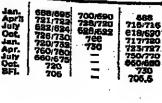


LONDON DAILY PRICE-RAW STS2.00 (£106.00). up \$2.00 (up \$1.00) a mone for January-February delivery. White sugar \$177.00, down \$0c. The market cares under scute los iquidation which farced prices down a new low points, reports Czernikow. Zeles: 4,320 (2,504) lots of 50 tonnes. Tate & Lyle delivery price for grasu-ated basis suger was £208.00 (£208.00) tonne for export.

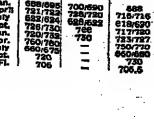
International Sugar Agreement—(US cants per pound to and attowed Caribbean ports.) Prices for December 12 Only price 5.78 (5.76); 15-day average 5.94 (5.95). FREIGHT FUTURES

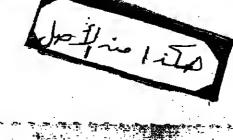
The market registered good gas eitheugh perticipation was light i the 3FI was only 0.5 points high The relly wan met by asking towe the close, reports Clerkson Wolf. Close | High/Low | Prev.











Vol. Last

3.50 5

9.50Á 15

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EUROPEAN OPTIONS EXCHANGE

Vot. Lag

38.50 21.90 13 7.50 4.50 4.60 6 9

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Standard Chartered

Westpac B'oking Corp Whiteaway Laidlaw Yorkshire Bank

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HOT Mortgage Exp. ____ 12.25 Urated Bk of Kowart ____ 11 United Migratic Bank ____ 11

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lesday December 16 lig.

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Dec Jan Feb Merch May July Sept Dec Jan Merch SUGAR 112,000

CHICAGO

LIVE CATTLE SOLIT

March 154.2 154.1

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SUGAR

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Dollar quiet, pound better

prices on speculation about an Opec agreement gave support to the

D-MARK.—Trading range against the deliar in 1985 is 2.4710 to 1.0000. November average 2.0227.

change against the dollar in quies Frankfurt trading. Turnover was slow, with no significant frash fac-turs to influence the market. Desi-

ers suggested that pressure will build up for a cat in West Germso

interest rates in the New Year, possibly after Federal elections

on January 25. Bot at present there is no sign of easier credit policy by the Bundesbank, although it was suspected the sub-ject of tower interest rates was discussed at talks between Mr.

Gerhard Stollenberg, West Ger-man Finance Minister, and Mr James Bakar at the weekend. At the Frankfur fixing the Bundes-bank did not intervene whom the

dollar was fixed at DM 20143, compared with DM 20232 on Fri-

day. In quiet trading attention

1 4300-1 4355 1 4754-1 9773

3.251-3.27 54.41-60.16

10.594-10.724 1.0540-1.0620 2.68-2.594, 213.80-213.03

144 04-134 48

141414174

107-11 67-67 81-87 8-64 17-17 8-48 77-8 97-102 7-74 7-77 43-46 9-912 MA

EURO-CURRENCY INTEREST RATES

Bospian Franc ... Donesh Krone ... German D-Mark Franch Feanc ... Outch Goldder ...

taine Lira

Dec. 15

Denmark W. Gorns Portugal Scials ---Stady ----Norway -France ---Sweden --

Fr. Franc

B. Fr. (Coa.)

4.276

0.306 0.439 0.885 0.500 0.726 1.443

EMS EUROPEAN CURRENCY UNIT RATES

POUND SPOT-FORWARD AGAINST THE POUND

Close

1 4320-1 4330 1.9755-1.9765 3.26-3.27 60:05-60-15 10 90-10 91 1.0560-1 0590 2.681-2.891, 213.86-214.65

213.80-214.65 194.05-194.30 2000-2001 10.80₂-10.85₁₂ 9.46₁₋9.45₁₂ 4.95₁₂-9.96₂ 2331₄-234₁ 20.30-20.33 2.43-2.44

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

1.4320-1.4330

1.4720-1.4330 1.3510-1.3520 1.3790-1.3800 2.2795-2.2805 41.90-4200 7.61-7.61½ 2.0775-2.0185 149½-1494 135-50-135-60 13952-13964 7.574-7.574 6.61-6.61½ 6.95-6.955

14.17-14.173

7 Days'

1011-11/2 64-64 84-82 664 14-11/2 411-41 8-84 10-11 7-74 84-94 94-94 94-94 94-94

0.4% 1 50.8% 6.128 12.36 1000.

D-mark showed tittle

agreement gave support to

cound during the day.

1353 six mently are.

tended to turn towards the European Monetary System, amid

speculation that a realignment is

ikely to follow next month's West

JAPANESE YEN-Trading range against the dollar in 1986 is 202.70 to 152.35. November average 162.77.

Exchange rate index 204.7 against

The yen weakened against the dollar in quiet Tokyo tradiag. The US currency closed at Yi63.25,

compared with Y163.00 un Friday,

Short covering gave support to the dotlar, but it fell from Y183.40 on a

forward selling order, in a move to hedge currency risks on foreign bonds. A rumour about further schodals involving the rebels in

Nicaragua and the diversion of US funds from arms sales to Iran.

added to the general rejuctance of tradors to take out positions ahead of the end of year huliday

period. The market was also ner vous of roports from Geneva that Saudi Arabia is to make produc-

tion cuts aimed at pushing up world oil prices. This acwa added support to sterling, and led to

± 1.5368 ± 1.6403 ± 1.1127 ± 1.3659 ± 1.6683 ± 4.0734

.

248 440 220 1.01 -2.34 -2.34 -1.14 0.10 -5.53 1.44 -5.01 -5.01 -5.01 -5.01 -5.01

*

445 7.19 -2.19 0.22 -1.25 1.26 -1.016 -5.90 -4.90 -2.73 -3.76 1.70 0.85

11,111,2 6464 8,2 8,1 51,193 444 444 8784 10410 71,78 41,41 10410 41,41 41,41

111-114 61-62 84-85 54-52 41-44 44-43 84-83 104-11 72-74 71-8 42-45 10-102 37-41

9,473 2,435 3,265 2001, 1,976 60,30 6,613 1,700 2,280 1397, 1,379 41,95 3.276 0.843 1.130 892.2 0.684 20.80 40.32 10.42 13.97 8558. 8.453 251.1

1. 1.432 1000.

FT LONDON INTERBANK FIXING

111.00 a.m. Dec. 151 3 months U.S. dollars

MONEY RATES

11 A-11 2 64-64 54-65 512-64 414-416 84-85 104-114 74-74 74-74 94-104 94-104 94-104

1.49-1.45 pm 49-37-9m 59-45-9m 59-45-9m 59-45-9m 230-35-2 dis 29-92 dis 29-92 dis 29-92 dis 24-94, pm 4-34, pm 4-34, pm 4-34, pm 4-34, pm

250-235 pm 250-235 pm 250-235 pm 0.14-0.11 pm 13-17 ds 5.90-4.60 ds; 0.60-0.61 pm 340-420 den 16-1719 ds 17-60-2020as 17-60-2020as 15-5-25 ds 10-1719 ds 17-60-2020as 15-5-25 ds 10-1719 ds 17-60-2020as 10-1719 ds 17-60-2020as 10-1719 ds 17-60-2020as 10-1719 ds 10-1719 ds

515 304 551 28a 110 -512 649 -608 -0.77 0.30 -7.67 2.93 1.20 5.50 7.59

Mes. Financial franc 60.40-60.50. Six-worth lorward dollar 3.35-3.30

*

5.15 7.78 2.13

covering

+0.54 +0.74 -1.28 -0.64 -0.97 -0.06 -2.19

0.63-0.60: pm 0.55-0.45: pm 13-13: pm 24-19: pm 13-3: ere pm 0.20-0.350 dis

disc month

0.43-0.60c per 0.92-0.85c per 0.23-0.25c des 0.05-0.03c per 2-4c effs 1.75-2.45cre dh, 0.24-0.21pf per 1.30-150c dh 65-75c dh 53-61-jura dh 1.10-1.30c dh 1.10-1.30c dh 1.10-1.30c dh 1.00-1.30c dh 0.30-0.25y per 0.30-0.25y per 0.30-0.25y per 0.30-0.25y per 0.30-0.25y per

4,32-0.27c pa

114-114 64-64 64-64 64-64 42-45 84-62 104-114 74-74 44-44 43-44 43-44

Long-term Eurodollars: Two years 64-62 per cent; three years 64-7 per cent; four years 73-73-8 per cent; should be cent; four years 73-74 per cent sometial. Shore-cerm rates are call for US Collars and Japanese Years often was days' motion.

1.056 1.512 3.051 246.8 10. 2.571 3.447 21.12 2.086 0.411 0.568 1.187 96.00 3.890 1. 1.341 821.6 0.811

71.59 2.901 0.746 116.8 4.735 1.717

0.506 0.725 1463 118.3 4.794 1.232 1.652 1012. 1.644 2.384 4.809 388.9 15.76 4.052 5.433 3329.

C S DM YEN F Fr. S Fe. H FL Ura CS & Fr.

Gorman elections.

207.2 six moaths ago.

THE DOLLAR showed little change in quiet trading, but finished around the best levels of the day. Market volume continued to wind down ahead of the Christmas and New Year holiday period, and there were no new factors to affect trading. Mr. James Parker, 115 Transmit Court no new factors to affect trading. Mr James Baker. US Treasury Secretary, virtuol Europe at the weekend, but there was no news from his talks with financial officials in the UK, West Germany and France. The rise of 0.8 per cent in November US industrial production was in line with expectations, but was the best figure since July, and helped under-

The dollar rose to DM2.0180 from DM2.0515; to FFrd.6125 from FFrd.61; to SFr1.7900 from SFr1.6875; and to Y163.25 from On Bank of England figures the dollar's index slipped to 1110 from 1113.

1113.
STERLING—Trading range against the dollar in 1986 is 1.555 to 1.3762. November average 1.6552 Exchange rate index race 2.1 to 22.2. Exchange rate index race 2.1 to 22.2. compared with 75.3 six months aga.
Sterling's performance helped to brighten a dull day on the foreign exchanges. The pound improved in early trading, and theo held steady for the rest of the day, rising va cent to 31.4220-1.4230, Sterling also advanced to DM2.89 from DM2.8775; to FF19.4722 from FF19.4350; to

FF9.4723 from FF9.4350; to SF72.4350 from SF72.4253; and to Y232.75 from Y232.50. News from Genera that the United Arab Emirates Oil Minister said the Organisa. tion of Petroleum Exporting Coun-tries has agreed oil production cuts came too late to influence trading in

£ IN NEW YORK .

Dec. 15	Cattest .	Cases	
L Sect	2.4340-1.4350 0.56-0.53 pm 1.79-1.74 pm 6.35-6.25 pm	1.4275-1.4285 0.58-0.57 pm 1.75-1.72 pm 6-66-6-55 pm	
Forward press U.S doller.	Hems and disco	#6 2001 7 10 15	•
STERLING	a index		•
			-

	Dec. 25	Previous
6.30 Am .	68.8	687
9.00 450	48.5	68.7
10:00 am	6.84	686
11.00 am	. 66.8	684
NOOM	404	686
1 00	65.5	66.6
2.00 pm	. 68.7	68.6 .
7 00 00	68.7	68.7
4.00 BM	688	48.7
CURRENCY	MOVEME	NTS
Pecember 15	Bank of England	Storgen

-24.7 +3.2 +3.4 +3.4 +3.7 +2.2 +39.7 +12.9 -12.3 +52.7 111.0 77.7 135.6 97.4 69.8 142.7 164.5 130.8 70.8 46.2 204.7

CURRENCY RATES

D+c. 25	Cale To	Drawing (highes"	Carretocy Unix
Strrting		0.837635	0.721590
U.S. Dollar	5.5	1.20075	1,03477
Caraclan S	8 49	4	1.42612
Accurtan Sch.	4	17,0170	14.6637
Belgian Franc	7	50.3114	43.3466
Danish Krone	7	9.14251	7,87461
Deutsche Mark	342	2.41867	2.08382
Neth. Guilder	41,	2 73351	2.35524
French Franc	912	7.93095	6.82949
leation Live	12.	1680.60 113	144154
Japanese Yea	30	196.143	168.875
Norway Krone	8	9.09208	7.85795
Spanish Pereta	_	162.BB9	140.367
Swedish Krose -	71-2	N/A	7.39166
Swiss France	4	2.03707	1.75549
Greek Drack,	20-	170.096	146.710
lekit Putt	—	N'A	0.764515

*CI/SDR rate for Dec. 12; 1.65164

OTHER CURRENCIES			
Dec. 15	£ .	5	
Argeotiss Accurate Brazil Fioland Gritte Hose Kong Korta (Str.)	1.7155-1.7225 2.1635-2.1665	76.70* 363.40-570.60	
S. AV. ICHI S. AV. ICHI S. AV. (Fal Tahwas	3.1420-3.1460 3.1420-3.2155 6.2350-6.5180 51 45-51.70 5.2590-3.2640	2.1905.2.1940 2.2520-2.2370 4.3480-4.5435 36.00-36.10 3.6725-3.6735	

MONEY MARKETS

Oil news gives slight boost

THE MOOD remained a little more optimistic on the London money market yesterday, as sterling improved following news that the Organisation of Petroleum Exportiog Countries is seeking production cuts at the Geneva ministerial meeting to push up the price of oil. Lack of comment from the weekend visit to Europe of Mr James Bakar, US Treasury Sec-

UK clearing bank base lending rate II per cent since October 15

retary, and a much larger rise than expected in November UK retail sales had ilttle or no impact. Three-month interbank cased alighity to 112.112 per cent from 112.114 per cent, but the yield structure remained flat, showing no iodication of an early movement in UK bank base rates.

The Book of England forecast a money market shortage of £500m in the afternoon, and provided lotal help on the day of £500m. Before lupch the authorities bought £340m bills outright, by way of £32m hank bills in band 1 at 10% per cent; £37m baak bills in band 2 at 10% per cent; £37m baak bills in band 3 at 10% per cent; £37m baak bills in band 3 at 10% per cent; £37m bask bills in band 4 at 10% per cent; £30m Treasury bills in band 4 at 10% per cent; £30m Bank bills in band 4 at 10% per cent; £30m Treasury bills in band 4 at 10% per cent; £30m Bank bills in band 4 at 10% per cent; £30m Bank bills in band 4 at 10% per cent.

1011 per cent.

bilis were purchased outright, through £101m bank bills in back 1 at 10% per cent; £3m local authority bills in band 4 at 10% per cent; £3m bank bills in band 4 at 10% per cent.

ity bills in band 4 et 1011 per cent; Boir las reis. 10H per cent.
Late assistance of around £145m was also provided.

Bills maturing is official bands, Bills maturing is official bands, repayment of late assistance and a take-up of Treasury bills drained tellim, and Exchequer transactions absorbed £20m, in spito of £172m in block grant path to local authorities and a housing anhaidy of £400m also paid to local authorities. These fectors outweighed a ities. These factors outweighed a fall in the cote circulation adding fall in the cote circulation adding \$220m to ilquidity and bank balances above target by \$2500.

In Paris the Bank of France eased money market conditions as confidence returned, following voistility and nervousness last week as a result of the atudent riots in France. The central bank's seven-day repurchase rate was cut by ½ per coat to 8 per cent yesterday, and the call musey rate

FINANCIAL FUTURES

Gilts remain active

LONG TERM sitt futures weakened on the London International Finan-cial Futures Exchange yesterday. Turnover of 16,586 was only half the recent record level, but was about three times the volume traded in the same time last year, and in the pre-sent quiet pre-boliday financial markets must be regarded as satisfactory. Trading was almost entirely confined to March delivery. enursy connect to March delivery, which opened slightly firmer at 110-t5. This proved to be the day's high however, and the contract fell to close at the day's low of 100-14, com-

pared with 110-10 on Friday. Optim-

LIFFE LONG GILT FUTURES OFTIERS

9.31 7.36 5.48 4.08 2.45 1.45 0.62 0.32

PHILADELPHIA SE LA OPTION ETZ,500 (cents per ET)

28-YEAR 12% HOTIONAL BILT 650,000 32mm of 100%

Close 109-08 109-14 109-18

low muticipal smoot galt Elogogo bress of 100%

Close High Coc., 88.72 88.72 88.72 88.72 88.72 88.72 88.72 88.72 88.72 88.72 88.72 88.72 88.72 88.72 88.72 88.72 88.72 88.72 89.22 8

Det. 163,40 164,10 103,00 Nierch 165,20 166,75 166,90 Estimated volume 462 1485 Previous day1 open int. 3,523 (3,372)

THREE-JOUNTH EUROPOLLA

999

Sept. 92.70 Estimated volume 4,022 (6,515) Previous day's open int. 25,791 (24,806)

Close High 99-02 99-11 97-31 96-08 97-02 —

Spot 1-mth. 3-mth. 6-mth. 12-mth. 4325 1.4264 1.4159 1.3993 1.3690

Close High Low 1.4397 14343 1.4343 1.4167 1.4170 1.4160 1.4000 - 1.4170 1.4160 rolume 259 (1.2017 bay's open int 2,317 (1,745)

bid & A 1 Offer 6 A

Treasury Bitts and Bonds
5.11 Thread
5.13 For per
5.53 For per
5.50 Sere per
5.50 Sere per
6.28 30 per

4.75-4.85 7)(1-7)2 41-44 6-64 4.34375 114-117 7.3-76

Three Lionites

4.70-4.85 7H-7U

114-114 114-114 114-114

357

11\11 11\3-11\1 11\psi 11\2 11\2

Latest High LC 1,4325 1,4360 1,4 1,4160 1,4175 1,4 1,4010 1,4050 1,3 1,3825 1,3825 —

LIFFE-STERLING E25,000 S per E

Dec. Mar. June Sept.

r fiding rases are the arithmetic means, rupoded to the nearest one-simplents, of the bid and reference described to the market to the reference banks at 11.00 a.m. each working day t banks are Kational Westmioster Gark, Bank of Tolyte, Ownstein Bank, Sangre Nationale of

One Month

4.80-5.00 77-8 4-6-4-4 64-64 4.46875 114-124 72-74 154-134

114-11

11-104

4.75-4.90 7H-7H

4.65-4.73 6-89, 1-114 6-614 4.40625 1114-1114 5.80 1314-1314

1149

10% 11-9

LONDON MONEY RATES

18.41

0.603

CURRENCY FUTURES POUND-S (FOREIGE EXCHANGE)

99-02 97-27

1A290 1AU0 13930 13775

Frb. 5.10 \$10 \$10 0.95 0.15 330 330 370 136 005 005

0.05 0.05 0.20 0.44 1.20 2.17 3.34

ism that the Organisation of Pet-roleum Exporting Countries minis-ters meeting in Geneva would agree to all production cuts, boosted North Sea oil prices and pushed up ster-ling in early trading This led to a strong opening for long gilt futures on Lufe, but sentiment was hit by news that November UK retail sales rose by a very large 23 per cent, compared with expectations of around 0.2 per cent.
March three-month

deposit futures also opened firmer, encouraged by the improvement of the pound on the foreign exchanges.

LIFFE US TREASURY BOND FUTURES OFFICHS

0.10 0.23 0.46 1.71 2.74 4.37 4.37

LANDON SE C/S OPTIO

840 3550 0.70

0.75 0.50 0.00 0.00 0.00 0.00 0.00

Strate Price 93.60 93.25 93.50 93.75 94.60 94.25 94.50

5th 601 0.19 1.17 3.80 7.96

Mar 0 10 0.50 1.73 4.40 8.20 2.80 7.70

CHICAGO

Jan. 0.00 0.02 0.47 2.84 7.23

0.40 2.40 7.00

High Law 104-20 104-12 1 1(0-15 104-14 1 110-08 110-08 1 586 (26,572) us. 22,142 (20,249)

<u>....</u>

20.70 20.70 20.85 29.23 89.30 89.18

265.00 265.70

93.82 93.96

P/ev. 88.66 88.85 89.20 89.29 89.14 88.90

but closed around the middle of the day's range as cash rates on the money market showed only a slight decline, and gave no indication of an early cut in UK bank base rates.

US Treasury bond futures for March delivery fell to 97-31 from 98-23 following a healthy rise of 0.6 per cent in November US industrial pro duction. Trading was oerrous, awart ing further news from the Opec meeting, but the comment by the United Arab Emirates Oil Minister about agreed production cuts came too late to affect Life trading

0.70 2.05 4.85 2.80 16.10 20.90 20.20

0.09 0.14 0.20 0.40 0.40 0.54 0.11

March Jone Jac 8.63 8.60 C22 4.75 4.60 0.59 1.65 2.30 2.90 0.45 0.70 ~ 0.05 1.50 1.90 ~ 0.00 Calb 1,136, Pars 676

2 18842 | 1288 °S \$500 F1335 F1215 F1226 F1226 F1236 13 500 100 13 11 12 12 14 16 17 18 250 1330 9.70 6.80 3.20 1.40 1.30 2.60 4.30 9.80 12.70 7.90 2.70 0.40 0.05 30A 430 150 0.10 0.70 2.70 7.40 12.20 17.50 LIFTE FT-SE 180 INDEX FUTURES OFTEN 48N C ASE P AEGON C AEGON P AHOLD C AHOLD C AKZO G AMEV C AMEV P AURO C AMEV P ELSEVIER C ELSEVIER F1540 F1540 F11100 F1100 F11100 F11100 F11100 F11100 F11100 F11100 F11100 F11100 F1110 280 1050 0.40 550 8 0.90 270 4.70 1.50 0.40 1.50 4.50 20 27 3 7.50 794 181 15 N 679 55 20 187 51 - 1 584 16 199 122 123 6 5 5 5 7 5 1 1 1 2 2 3 6 6 5 5 7 5 1 2 2 3 6 6 5 5 7 5 8 2 2 7 FI.84.80 FL157.70 3.76 FI.91.20 18.5Q Fi.256 150 3.208 0.90 5.30 0.70 1.40 0.70 1.40 2.80 3.308 --4.508 FI-53-10 FL45.20 FL43,40 F1.44.60 7.30 17.60 9 F1.95.50 170 14 12 203 FI.516.50 B = Brd C~Call **BASE LENDING RATES**

0-6128 0-6128 0-6125 0-6127 06151 06157 06184 0 6126 0 6126 0 61275 Prev. 99-27 98-26 97-25 96-25 95-26 94-28 93-31 99-14 98-10 97-12 96-11 95-11 94-15 99-00 97-30 95-30 95-30 94-08 American Exp. Bk. Latest 0 4965 0 4980 0,4990 High 0.4976 0.4993 0.5003 0.4976 0.4976 0.4990 Bank Hapoalim... Dec. March June Sept. Dec. 92-09 91-17 Barris Lewesi (UK) H.S. TREASURY MILES (IMM) Simposes at 200% 93 75 93.88 93.91 93.91 93.81 93.81 93.81 93.83 93.83 93.83 93.83 High 94.48 94.69 94.74 94.68 94.46 94.64 94.50 94.65 93.76 93.91 93.92 93.82 93.82 93.82 93.33 93.01 92.68 93.75 93.88 93.89 93.78 93.58 93.50 92.98 92.65 94.52 94.72 94.76 94.69 94.50 Mar. Asse Sept. Dec. Mar. June Sept. Barciays Bank 0.5882 0.5915 0.5950 0.5998 Canada Permanent

Citbank Savings...... Citbank Savings...... City Mentions Bank........... Aliged Arah Bk Ltd..... Comm. Bt. N. East . Consolidated Gred... Arms Bank 11
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Exeter Trast Let Financial & Cen. Sec. Bank Credit & Comm __ Bank of Cypnus _____ Bank of treland _____ First Nat. Fig. Corp..... Fest Nat. Sec. Ltd HFC Trust & Sannags.... Hambro Bank. Heritable & Gen. Tst., Hell Samuel C. Hoare & Co. Hongkong & Shangh' 11
Knowstey & Co. Ltd 1112
Lloyds Bank 11
Mase Westpar Ltd 11
Mesetraj & Sons Ltd 11 EL Bank Nederland

EWORLD VALUE OF THE POUND

cies on December 15, 1986. In s Market rates are the average of Buying and selling rates except where they are shown to be otherwise. In Some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (ab) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) based on U.S. dollar parities and going sterling-dollar rate; (T) tourist rate; (Bas) based on U.S. dollar parities and going sterling-dollar rate; (T) tourist rate; (Bas) based on U.S. dollar parities and going sterling-dollar rate; (T) tourist rate; (Bas) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) based on U.S. dollar parities and going sterling-dollar rate; (T) tourist rate; (Bas) based on U.S. dollar parities and going sterling-dollar rate; (T) tourist rate; (Bas) based on U.S. dollar parities and going sterling-dollar rate; (T) tourist rate; (Bas) based on U.S. dollar parities and going sterling-dollar rate; (T) tourist rate; (Bas) based on U.S. dollar parities and going sterling-dollar rate; (Bas) based on U.S. dollar parities and going sterling-dollar rate; (Bas) based on U.S. dollar parities and going sterling-dollar rate; (Bas) based on U.S. dollar parities and going sterling-dollar rate; (Bas) based on U.S. dollar parities and going sterling-dollar rate; (Bas) based on U.S. dollar parities and going sterling-dollar rate; (Bas) based on U.S. dollar parities and going sterling-dollar rate; (Bas) based on U.S. dollar parities and going sterling-dollar parities and going sterl

COUNTRY	CURRENCY	E STERLING	COURTRY	CURRENCY	E STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistae	Afgrani	79.00	Ghana	Cedi	220.91	Ралапа поправания	8athan	1.4325
Albania	Lek	10.15	Gdrafter	. Gibraltar £	1.0	Papus New Guines	Kua	1.3891
Algeriz	Distar	6.63	Greenland	Drachma Danish Krone	203.06		Gparani	{343.80 {907.49
Andorra	French Franc Spanish Peseta	9.4725 194.18	Grenada	F. Caribbana S	10.9050 3.87	Paraguay	Clogarath	1907.49
Augola	Kwanza	43.04	CONTRACTOR	LDCM Franc	9.4725	Peru	Inti	(exclu)19.98
Antique	£. Caribbean S	3.87	Guara	U.S. 5	1 4325	Philippines	Philippine Peso	128.22 28.82
Argentine	Austral	17190	Guatemata	Quetzal	(14325		(£ Merling	20.02
Artos	Florin	2.3765			(IF) 3.8343	Pitcaim Islands	New Zealand S	2.7733
Listralia	Australian S	2.1650	Guines-Bissau	Franc	487.22	Poland www.	Zigty	283.40
Listria	Schilling	20.315 214.23	Guyana	Pero Covanese S	244.2 9 5.7710	Portugal	Escurdo	214.23
A20145	Portogoese Escudo	214.23				Puerto Rico	U.a. 5	1.4325
Calaras	Bahama S	1.4325	Haut	Lempira	7.1625	Qatar	Qatari Ryal	5.2340
Particular	Dinar	0.5405	Hong Kong	H.K. S	2.86 11.3213	Reunion Isle de la	French Franc	9.4725 flcmi 6.15
Salearic Mands	Spanish Peseta	194.18	Hungary	Forint	66.9302	Romania	Leu	(N/C) 15.15
Sargladesh	Taka	43.23	Iceland		58.5420	Rwanda	Rwanda Franc	121.66
Barbacos	Barbados \$	(cm) 60.10	India	Indian Rupee	18.73	St. Christopher	E. Curibbean S	3.67
Belgium	Belgian Franc	(cfn) 60.45	indonesia	Ruplan	2371.35	St Kelenz	St. Helena £	1.0
Selize	BS	2.8650	1/20	Rial	109.50	St. Lucia	E. Caribbean S	3.87
Jamia	C.F.A. Franc	473.63	1720	Iraqi Oinar	0.4444	St. Pierre	Local Franc	9.4725
Serritoria	Bermutian S	1.4325	Irish Republic	Pant	1.0585	St. Vincent	E. Caribbean S	3.87
Stuttes	Ngultrum	18.73	isael	Snekel Lira	2000.50	Samoa American	U.S. S	1.4325
Bolivia	Bolistan Peso	(0)2,739,896.0	Ivory Coast	C.F.A. Franc	473.63	San Marino	italian Lira Dobra	2000.50 54.03
Srazii	Pula Courado	2.67 20.73 126)	Jamaira	Jamaican Dollar	7.260	Saudi Arabia	Sauti Ryal	5.3762
Pristan Virgia Islands	U.S. S	1.4325	Japan	Asu nectal Colina.	233.75	Benegal	C.F.A. Franc	473.63
Brumel	Branel \$	3.1436	Jordan	Jordanian Dinar	0.5005	Sevenelles	S. Rupec	8.42
Highria	Lev	1.2837	Kampuches	Riel	NA	Sierra Leone	Leone	(a) 44.03
Arthino Faso	C.F.A. Franc	473.63	Kenya	Kenya Shilling	23.20	Solomon Islands	Singapore 5 Soloman Is, 5	3.1436 2.8274
ornia	Kyat	10.0258	Kiribati	Australian S	2.1650	Somali Republic	Somali Shilling	157.575
	Burnnell Franc	176.20	Korea (North)	Won	1.3466	-	_	((Cm/3,2038
ATTE: DOT	C.F.A. FIANC	973.63	Korea I South	Won	1238.225	South Africa	Rand	(1Fn) 6.3765
30362	Canadian S	1.9760	Kuwait	Kuwatti Dinar	0.42160	Spain	Peseta	194.18
enery Islands	Spanish Peseta	194.18	Laos	New Kip	50.1375	Spanish ports in		
-ape Verde Islands	Case V. Escodo	127.88	Lebanon	Lehanese E	96.4230	North Africa	Peseta	194.18
Cent. Afr. Republic	Cayman Isles. S C.F.A. Franc	1.1961 973.63	Lesotto	Maluti	3.2038	Sri Lanka	S.L. Ropee Sudao £	40.60 3.58
Sand	C.F.A. Franc	973.63	Liberia	Liberian \$	1.4325	Surinam	S. Guilder	2.5570
had	Chilean Peso	285.58	Libya	Libyan Omar Bwiss Franc	0.4594 2.4350	Swaziland	Litangent	3.2038
Nine	Renminbl Years	5.3264	Linembourg	Luxembourg Franc	60.10	Sweden	Swedish Krona	9.96
Diombia	Cot. Peso	313.36		_		Switzerland	Swiss Franc	2.4350
OTTOCO ISLANDS	C.F.A. Franc	473 63	Macan Madeira	Patata	11.6040	Syria	Syrian £	(IA) (T) 9.0
lange Brazzantile)	C.F.A. Franc	473.63 83 87	Malagasy Republic	Portuguese Escudo M.G. Franc	214.23 1035.0			(1cm) 5.6226
esta Rica	Cutan Peso	1.1311	Malaw	Kwacha	2.82	Tarzania	New Talwan 5	51.5750
TP/05	Cyprus E	0.7320	MAINTEL	Renggia	3.7213	Thailand	7 an. Shilling Bate	71.90 37.25
7 E. 45 BARRADA	0,5-1-	(Com3 B.20	l Mattern Islanda	Ruflyra	10.0215		C.F.A. Franc	473.63
zechoslomkia	Korusia	n/c 14.28	Mail Republic	C.F.A. Franc	473.63	Tonga Islands	Palanca	2.1650
		(T) 13.91		Malu-se E	0.5320	7 mintesses & Tobason	Trimdad & Tob. S	5.157
HIDER	Danish Kroner	30.9050	Martinique	Local Franc Ougutys	9.4725 107.19	Tunisia	7unislan Dinar	1.2393 (49)
process Republic of	Olibouti Franc	253,40	Mauritus	figuritian Rupes	19.10	I WINCY	7 urklish Lira	1078.81
Striknica	E. Cartbbean \$	3.87			(IF) 1279.22	Turks & Caicos (stands	U.S. S Australian S	1.4325 2.1650
Cominican Republic	Dominican Peso	9.3707 (7)	Mexico	Mexican Peso	(IL) 1257.88	Turalta		
		(to) 209.86	Miquelon	Local Franc	9.4725	Uganda	Uganda Shilling	1500.0
(CROS)	Socre	(F) 207.57	Monaco	French Franc	9.4725	United States	U.S. S Uruguay Péso	1.4325 250.69
get	Egyptian C	11.0028	4 MODROUS	7µgrik	4.8068	Uruguzy	U.A.E. Dicham	5.2626
		11.97	Montserrat	E. Cambbean S	3.87	USSR	Rouble	0.9652
Salvador	Colon	7.1425	Morocco	Olrham	12.45 (sg)			
Authorial Guinea	C.F.A. Franc	473.63	Mozanskigue	Metical	(A) 57.42	Yanualis	Vatu	162.85
thiopia	Ethiopian Sirr	2 9550	Mambla	S.A. Rand	3.2038	Vatican	(talian Lira	2000.50
Africand Istantis	Falkland Isles &	10	Maury Islands	Australian S	2,1650	Venezuela	Bellvar	(14) 6.16 (5) 10.74
Arge islands	Danish Kroner	30.9050	Nepal	Nepalese Rupee	30.67	Actocates	ONING	163 30.38
1 (2) (2) (1) (1) (1) (1)	Fig. S	1.6582	Netherlands	Guilder Antilian Cuilder	3.2650	Vietnam	Dong	(o) 114.60
Sidno	Markka	7 0748	New Zealand	N.Z. \$	2.5785	Virgio Islands U.S	U.S. \$	1.4325
754CE	Franc	9 4725			2.7753			
CALL L' LY III ATTICE .	C.F.A. Franc	473.63	Nicaragua	Cordoba	(1349.16 (F) 2578.50	Westera Samoa	Tala	(A) 3.1980
reach Goldes	Local Franc	9.4725	Niger Republic	C.F.A. Franc	473.63	Yemen (Borth)	Ryal	(A) 14.65 (sg)
reach Pacific Islands .	C.F.P. Franc	170.87	Signera	Nara	(6) 4.5926 (15)	Yemen (South)	5. Yemen Dinar	0 4915
-	C.F.A. Franc	473,63	Korsesy management	Norwegian Krone	10.85	Yugoslavia	New Y. Olmar	653.57
		11.0				Zaire Republic	Zaire	95.8930
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ernany (East) ernany (West)	Ostmark Beutsche Mark	2.8900 2.8900	Oman Sultanate of Panistan	Riai Omani Pakistan Rupee	0.5520 24.46	Zambia	Kwacha	17.06

Transity Bills (sell); one-month 1011 per cent; three-months 1011 per cent; Bank Sills (sell); ede-month 1011 per cent; three months 1011 per cent; Treasury Bills; 9 verage (entir rate of theopen 10,6591 per cent; three months 1011 per cent; Treasury Bills; 9 verage (entir rate of theopen 10,6591 per cent; three Hours seven days notice, others seven days from 11,248 per cent seven days notice, others seven days from 15 per cent from December 1, 1380; Bank Depoid Rates for sum at seven days notice 4,35-4,375 per cent. Certificates of Tat Depoid 15 cents of: Bepoid 10,000 and over held dadys not though 10% per cent; one-three months 11½ per cent; three-is months 11½ per cent; shouther months 11½ per cent; and the seven days the first three-months 10,000 to 10½ per cent. Rate is the transfer market controlled). 42 New one official rate. (1) Essential goods. (2) Preferential rate (or priority imports such as foodstuffs.

Sector Debt and Essential Imports. (3) Preferential rate (6) Free rate for luxury imports, remainances of money abroad and foreign provel. 17) Parallel rate for exports. (14) Rearly all business transactions. (25) Negeria, November 17; Auction price for dollar 3.4599 (16) Brazil:—1 cruando equals 1,000 c

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Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

Kd. 79 N2 7/pc 1988-92 814 872 112

1 190 SPEED 21-pc Non-Arsid 190 872 112

2 172 Do 41-pc 87 92 92 432 76 332 98

9 172 Combabone Ann (£100pal 272 1 13.0

LOANS **Building Societies**

Financia)

983 Do. 114pt Um Ln. '98 ...
983 Do. 114pt Um Ln. '90 ...
783 Do. 74pc40b29-92 ...
991 Do. 124pt Un Ln. '90 ...
791 Do. 74pc40b29-92 ...
77 Do. 74pc4 91 .94 ...
852 Do. 95c4 91 .94 ...
852 Do. 87pc40 ...

A Armon 13 to 2510 A Armon 13 to 2510 A Armon 13 to 2510 Control 13 to 2500 Control 13 to 2500 Control 13 to 2500 Control 15 to 2502 Control 15 to 2502

Over Fifteen
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Converse 12x 2002
Tress 9-4x 2002
Tress 13x 2009-03
Tress 12x 2009-03
Tress 12x 2009-04
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Core 3: pt 61 Aft.

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Public Board and Ind.

Mt. 5pc 59-89 85 5.81 10.98
Wt. 3pc 8 7.50 10.74

AMERICANS

971-24 11.28 983-24 11.93 804-2 8.98 105 11.90 79 9.18 89 10.11 851-2 10.38

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BRITISH FUNOS

Shorts" (Lives up to Five Years)

Price + or Yorki

AMERICANS-Cont.

Price + or Biv Y'nd
£ - Gross C'or Gr's

CANADIANS

| 301 | 195 | Young Brew W 50p | 259 | 77.3 20 | 150 | De. Run. V. 50p | 259 | 77.3 20 | 17.3 20 | De. Run. V. 50p | 250 | 77.3 20 | T7.3 20 | De. Run. V. 50p | 250 | 77.3 20 | De. Run. V. 50p | 250 | T7.3 20 | De. Run. V. 50p | 250 | T7.3 20 | De. Run. V. 50p | 260 | D

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INDUSTRIALS CO

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1801/2 IC Gas added 3 to 559p awaiting today's half-timer.

before settling 10 up on balance at

53p following the disclosure that Pioneer international Trust has

interest in Pioneer. The news stimulated sympathetic interest for

Bisichi Tin, in which Jantar con-trols just over 17 per cent of the

equity, finally 4 up at 33p.
International enthusiasm for

South African mining markets

remained at a similarly restrained

quality Golds. The absence of a definite lead from Johannesburg was undoubtedly a factor—the

report from Barclays National

Interest in Australian stocks.

recently centred on industrial and

with Golds well to the fore. Renewed speculation that the Gov-

resulted in the company refu

uncertainty-and the

Account Dealing Dates

First DeclaraDealings tions Dealings Day
Nov 24 Dec 4 Dec 5 Dec 15
Dec 8 Dec 18 Dec 18 Jan 5 Dec 22 Jan 8 Jan 9 Jan 19

"New time dealings may take place from 9.00 am two business days earlier. An eventful, but finally disappointing trading session in the UK securities markets left Government bonds lower as investors waited in vain for news from the Geneva meeting of Opec ministers. The equity sector started well, on the back of demand for British Gas and oil stocks, hut gains were trimmed towards the close when Wall Street

fund, rallied 2 at 355p.
Initially displaying a useful premium over the placing price of 65p,
USM newcomer Capital and Regional Properties drifted back from
71p to close at 66p.
Leading Building issues made a
firm start, but drifted back in
theabsence of follow-through suprout to close a share easier on came in with an early fail.

The FT-SE 100 index, 11 points np at mid-session, ended a net 7.2 up at 1637.0. while the FT Ordinary index at 1280.3 showed a fall of 0.1.

The session opened with a bang when a foreign buyer—Japanese, in the opinion of market traders—put in a massive buy order for British Gas. Rumour had it that the order might be as big as 50m shares, and Seaq screen watchers could see the buying agent "hitting" the

Sead screen waterers could see the buying agent "hitting" the marketmakers all the way up to 68p. This was a welcome sight for a market nervous of small sellers ahead when private investors receive their British Gas allotment letters this morning.
The huyer completed his order at

66p. however, and the shares then slid back to close at 64 2p. a net tp up, after 164m shares bad traded. British Gas benefited from the strength of the whole of the energy sector, as it waited for confirmation that Opec members will agree on production cuts sufficient to push crude prices up to \$18 a barrel There was good demand for Brit-ish Petroleum which jumped shar-ply on turnover of 41m shares, and for Shell, on 5.4m shares.

Also boosting the equity market was a strong rise in Glaxo (5m shares), after a US investment magazine gave the group favourable rat-ing in a league table of world phar-maceutical companies. However, US investors continued to sell Glaxo. The having came from

the British funds, which may bave been encouraged by hullish recommendations for Glaxo by several London brokers, as well as by rumours that the group will shortly introduce a new drug

Gilt-edged had a disappointing day, and prices ended a full point down as retail huyers resolutely refused to follow-through on Friday's huying Some Far Eastern sup-port was noted initially but thereafter, investors backed away, partly on the absence of firm news from Opec, and partly because of a new Govern ment tap stock is expected this

Also discouraging for gilts was the sharp rise in UK retail sales in November.

Benchmark better

Financial services concern, Benchmark, formerly Manson Finance Trust, provided an outstanding firm feature in the bank sector, rising 6 to 44p following confirmation that the group is in merger discussions with Charlton Seal Dimmock, a Manchester and London-based firm of stockbrok-

British Gas and oils feature equities but Government

bonds fade as buyers back off

					Des		19	86	Since Co	espilation	
	Dec. 15	Dec. 12	Dec.	Dec. 10	9	SÃO ĀCŢ.	High	Low .	High	Low	
Government Secs	82.39	82.24	81.60	81.64	81.53	82.85	94.51 (184)	80.39	127.4 197/351	49.18 (3175)	
Fixed Interest	89.08	89.00	88.61	88.64	88.55	38.85	97.68 17.73	86.55 (Z3:1)	105.4 (28:11:47)	50.53 (37275)	
Ordinary 🛡	1,280.3	1,280.4	1,284.7	1,285.5	1,284.4	1,100.3	1,425.9	1,0943	1,425.9 (3/496)	(25.6-40)	
Gold Mines	313-2	311.7	316.9	312.6	320.0	257.5	357.8 (22/9)	185.7 ; (187)	734.7 (15/2:83)	43.5 (28-20/7)	
Ord, Div. Yield	4,47	4,47	4.46	4.46	4.46	4.53		S.E. AC			
Earnings Yid,%(full)	10.61	10.62	10.56	10.49	10.50	11.23	inc	ices	Dec. 12	Dec. 11	
P/E Ratio (net) (+)	11.57	11.56	11.62	11.71	11.70	10.99		arrans	129.0	120.5	
SEAQ Bargains (5om)	29,882	50,340	31,290	31,309	35,432	-	Equity Barg Equity Valo		295.0 2358.7	120.5 336.1 2245.8	
Equity Turnover (£m)	-	1,166.95	1,111.10	1,212.01	1,451.88	388.13	5-Day Aver	age		i i	
Equity Bargains	_	45,522	51,868	60,696	56,819	18,491	Guit Edged & Equity Bard		343.0	3381	
Shares Traded (ml)	_	571.6	550.9	673.2	757.1	170.5	Equity Valo	£	2467.6	25403	
	10 a.m. 1285.6		a.m.	Noon 1285.5		p.m. 286.6	2 p.m. 1286		2.m. 284.0	4 p.m 1281.	
Day's High 128	7 <u>1.</u> D	ay's Low	1279.5								
Basis 100 Govt.	Secs 15/7	0/26, Fixe	d lat. 1929	, Ordinary	17735, GC	3 Mines 1	2/9/55, SE /	activity 1974	ווביואי ו	A	

actively traded—over 7m shares changed hands—as dealers awaited the Government's decision on the early warning radar system; the close was a penny cheaper at 166p. Plessey, however, which hope to henefit if the Government opts for the American Boeing AWAC system, hardened 2 at 174p.

after 175p. Weekend Press comment suggesting that GEC will hid for Bab-cock's power husiness, prompted a little huying interest in the latter's shares which closed a couple of pence better at 185p. Elsewhere in the Engineering sector, news-paper comment also enlivened interest in APV, 8 to the good at 598p, and Linread featured a gain of 15 at 91p. RHP rallied a penny to 162p after recent duliness on the preliminary results. Tace put on 15 to 380p, but profit-taking after the annual results left Johnson and Firth Brown 2 cheaper at 34p. Buying ahead of Friday's interim statement prompted a gain of 3½ to 45½p in Wellman.

Leading Foods showed little alteration, but Cadhury Schweppes edged up 2 to 186p, reflecting US demand, while Hillsdown Hol-dings rallied 2 to 218p. Press comment helped Unigate firm 3 to 313p, hut publicity given to a brok-er's circular failed to sustain Rowntree Mackintosh, a shade off at 400p. Press suggestimes of an imminent change of control sparked fresh demand for Squirrei Horn which gained 11 to 68p, while further demand in a restricted market lifted Cheshire Wholefoods 2 to 265p. Hunter comment with a decline of 3 at Saphir added 5 to 171p following 111p. Systems Reliability lost 13 Press comment.

warning. GEC were paper comment highlighting con-

sortium takeover hopes before drifting back to close 4 cheaper on

Pilkington active Pilkington, np 15 at 640p, were actively traded (7.5m shares) await-

halance at 471p.

ing further developments in the bid situation with BTR. Among the other miscellaneous industrial leaders, Glazo, still reflected the chairman's confident statement at last week's annual meeting, revived with a gain of 25 at 377p, hut Unilever encountered further profit-taking and gave up 23 more to 2170p. Elsewhere, English China Clays, which announced preliminary figures in line with market estimates, closed a shade easier at 320p. Barrow Repburn hardened 2 further to 56p following rejection of the offer from Yule Catto, but Hestair, the subject of huying recently on takeover hopes, eased 5 to 168p. Steetley, in contrast, moved up 9 to 460p on news that the company had terminated hid talks with Nottingham Brick. De La Rue were favoured and put on 5 to 370p, while Press comment stimu-

lated occasional support for Southern Business Group which improved 5 to 173p. Newspaper mention was also responsible for a fresh gain of 3 to 231p in Redfearn Glass. Wellcome rallied 6 to 215p, while RRA still reflecting pears of while BBA, still reflecting news of the company's new electronic braking system, advanced 4 more to 129p. Halma, on the other hand,

more making a two-day relapse of Grand Metropolitan touched 45 at 200p following the board's 478p initially following news-

agreed acquisition of Manchester-based Arthur Roye (Turf Accoun-

tant) for £1.5m. Lucas Industries, which is seeking further expansion in the US aerospace market, rose to 468p before meeting selling and closing 11 down on balance at 455p. Other Motor Component issues drifted easier and FR Group lost 2 more to 317p, while AE slipped 4 further to 259p. A new favourite emerged in Distributors when a spate of huying interest lifted Godfrey Davis 8 to 125p and gave rise to speculation of hid possibilities. Stake-huilding rumours continued to bolster Caffyas, 5 np at 243p, but Lex Service weakened 12

sunusi Excellent results together with a proposal to make an ADR share offering generated good inquiry for Cariton Com-munications, up & at £10%. Bumper preliminary profits, which heat the forecast made in July a USM to full market listing, underpinned Holmes and Mar-chant, 5 higher at 310p, but USMlisted Craton Lodge surrendered last week's rise following disappointment with the full-year figures to end 15 down at 91p.

Sine Circle 1°6493

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168 120 847

84 51 35

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223245

14 23 357

MEW HIERS (107)

at 256p after the interim statement.

Leisure counters were quietly mixed. WSL hardened 4 to 163p reflecting Press suggestions of a hid from Blue Arrow. Stanley Leisure on the other hand, eased a few pence to 184p, following the

LONDON TRADED OPTIONS

Jan. Apr. | July | Jan. | Apr. | July

40 50 2 7 27 35 5 23 16 21 23 30 8 - 58 60

550 180 170 - 1 600 110 122 - 1

3423 53 41 25

36 13 3

25 31 8 18 3 10 11₂ 5

Feb

85 53 30 13 73 45

92 68 42 21 80 57 37

11 5 21₂ 11₂

1207

26 16 a

--88 62

21 14 6

141₂ 1 71₂ 5 31₂ 15 — 25

boosted Eivila 10 to 125p, while renewed demand left Egeston Trust 2 higher at 102p. P. and O. were one of the few

against the dollar, dealers reported scant interest for top-Alpha stocks to move against the trend. Turonver was rather low but sellers were in sufficient numbers to lower the price 7 to 498p.

A number of Textiles remained Cape is closed today for the Day of the Yow holiday. Sentiment was also unsettled following the annual on buyers' lists and both S. Lyles, 110p. and Early's of Witney, 123p, picked up around 3 or so, while J. Beales and Lament rose 4 to the Bank which predicted a worsening of social and economic conditions respective prices of 182p and 205p. Richards failed to particiin the Republic, a view which has

ming Mercantile's introduction of a new novel warrant was of media counters, switched to mines, major interest to the Investment with Golds well to the fore.

Trust sector and the shares rose 4 Renewed speculation that the Govto a 1998 peak of 176p. Features exament may abandon that the cov-to a 1998 peak of 176p. Features exament may abandon plans for a elsewhere were few. Pollowing tax on Golds lifted Central Norse-completion of the Scheme of man 10 to 633p, and Renison 5 to Amalgamation, the listings of Alti-439p. Gains were also noted for fund capital and incomes shares were withdrawn. Among Finan-cials, Antelegasta improved 7 to 147p and Lendon and Associated 2 to 22p. both on weekend Press

polies Commission clearance of and Eneterprise 312 to the good at

Jantar, the UK-domiciled over-seas trader which still has mining interests in Nigeria and Ghana, gave a little colour to an otherwise lacklustre mining sector; the stares touched 60p at one stage before settling 10 up on balance at House (London) acquisition of a 29.9 per cent stake, recovering 8 to

The Property leaders continued to trade quietly. Land Securitiesdrifted back to close 4 cheaper at 332p, but British Land hardened a couple of pence to 184p ahead of tomorrow's half-timer. Elsewhere, Property and Reversionary closed 5 higher at 271p, after 273p, follow-ing the statement from the company that an offer of 300p per share cash from Speyhawk had been rejected in favour of the currest agreed merger with Lyuton; Spryhawk settled 10 lower at 375p. Elsewhere, Reschaugh firmed 5 to 385p in response to Press comlevel to that which prevailed throughout the previous week. Despite the relative strength of hullion—the metal railied \$4 to ment, while Mountleigh gained % to £11% following the excellent \$394.25 an ounce reflecting interim results and confident reported Far East and Swiss supstatement. Newspaper comment port amid continued oil price weakening of the Financial Rand

pate, despite a good annual trad. to issue a profits estimate for the ing statement, and closed 2 lower current year.

The oil majors gave a good performance on hopes that Opec may be able to come to some agreement on output ents which in turn could lead to higher crude prices. Leading the way, British Petreleum gained 16 to 704p, while Shell rose 17 to 971p, British, addi-tionally reflecting a market ma-ter way. ers' recommendation, closed 3 Associated Newspapers achieved a dearer at 165½p, while LASMO fresh high for the year of 378p, up added 3½ to 159p. Ultramar were a 7, while LCA responded to Mono-couple of peace dearer at 154p

NEW HIGHS AND LOWS FOR 1986

AMERICANS (2) Cort. Iterois Corp.
Hospital Corp. BANKS (2) TSB,
BUILDINGS (2) Henderson Group,
ELECTRICALS (1) Systems Reliability,
FODDS (1) Hillards, INDUSTRIALS (2)
Hordleigh Toch, Sidlaw, LEISURE (1)
Media Technology (nd, SHIPPING (1)
Sea Comamers, TRUSTS (1) Aust Merch,
GVERSEAS TRABERS (1) GN Great
Northc.

102 3 62 13 又 49

318p. Parings advanced 10 to 120p. after 130p, on news that the comto explore n gold and base metal prospect in Central Kajimantan, Indonesia.

Traded Options

Business in Traded Options showed little sign of winding down in front of the impending festivi-ties. Total contracts transacted amounted to a lively 38,114 with last week's newcomer British Ges 12,108 calls and 5,221 puts strucksold a 29.9 per cent stake at 50p per again in the limelight. Perennial share. Mr Edward Nasser, chairman of Jantar, has a non-beneficial integrated 2.112 calls and 516 puts, in Biancary The again in the limelight. Perennial option highflier Hanson Trust in Biancary The again attracted 2.112 calls and 516 puts, in Biancary The again attracted 2.112 calls and 516 puts, in Biancary The again attracted 2.112 calls and 516 puts. while dealers also reported on active and evenly-balanced busi-ness in Grand Metropolitan which contributed 1,027 calls and 1,660

Traditional Options

- First dealings
- Dec 15 Jan 5 Jan 19 Last dealings
- Jan 2 Jan 16 Jan 30 Last declaration Mar 19 Apr 2 Apr 23
- For Settlement Mar 30 Apr 13 May 5

For rate indications see end of Unit Trust Service Active conditions prevailed among options with calls transacted in Amstrad, Hampton Trust, Godfrey Davis. Myson, Petranol, Nn-Swift Industries,

Sovereign Oil and Gas, Command Petrojeum, Snn Oil, Coarny. Afro-West, Easbrook, Raine, Tricentrol. J. E. England, Delta, BSR, Egerton. Aran, Dee Caparation, North Kaigarli, Greenwich Resources. Wigfalls, Premier Oil, Martin Pord. Kellock Trust, Barbam, GRA, NMC Investments, Spong, Glentree, Citygrove, Ivanhoe Gold, Citygrove, Ivanhoe Gold, Nottingham Brick, F. J. C. Lilley, Federated Housing. Chloride. GEC. Beniox, Forsayth and Dixons. Puts

were taken out in Spectrum and Amstrad, while doubles were arranged in British Gas and

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities deats through the SEAQ SYSTEM

Stock ASDA-MFI. Land Securities ... Legal & Gen.... Lloyds Bnk...... Lourho..... Allied Lyons Marks & Space... Midland Bank.... NatWest Bank.... Pearson Blue Circle.

Rowntree Mac ... Royal Insurance. STC. Coats Viyella..... Comm. Union..... Cors. Gold Searsoury
Sears
Sedgwick
Seell Trans
Smith & Nephew
Standard Chart
Company E10% 772 266 299 187 435 E10% 520 366 mardian R.E.

RISES AND FALLS YESTERDAY

5ame 17 48

LONDON RECENT ISSUES

Issue	Amount Paid	Latest Review	1	966	Stock	Closing	+ 00			Cross	
Price	100	Date	High	Low		Price	-	Die.	Cord	Yield	Racio
\$122	F.P.	2/1	151	135	#Ashead Group LOp	151	+1	R3.0	35	2.8	14.4
_	F.P.	_	43	27	Australia Im. Wicts	43	+5		~	120	17.7
638 125	F.P.	28/11	4412	27 39	#8.C.E. Hldgs 5p	434	+1,	Rd1.C	3.0	32	1.7.
125	F.P	19/12	153	146	Brake Bros. 10p	153	+5	R2.2			145
135	[50	_	68	61	British Gas	641,	(+i	W6.5		20	164
665	F.P.	_	71	66	#Cap & Reg Prop 10p _	66	. –	MO'2	21	61	3.01
\$130	F.P.	31/12	158	146	Daniels (S.) 50	158	+1	R3.25	28		-
175	F.P.	20/1	196	175	Fletcher King 10p	180				29	17.6
594 125	F.P.	6/1	310	108	*Gaynor Group 10p	112		R4.5		35	15.7
125	F.P.	7/1	167	151	Geest 50	167	+2	L2.67	28	3.4	17.1
116	F.P.	9/1	55	33	#Glentree 10p		+3	R3.2		2.7	17.1
₹190	F.P.	2/1	208	203	Gordon Russell Sp	53	Z	R0 62		17	45.5
\$95	F.P.	19/1	108	105	*Halls Homes&Gdns 50	207		R5.3		3.6	150
\$23	F.P.		28	24	Harmony Leisure 50	105	1	R2.77		3.7	116
\$150	F.P.	_	170	163	A Johnson Fry 10p	28	J <u>-</u>	10.1	12.4		22 5
§105	F.P.	19/12	137	123	Library Chambres Co.	163	5	_	_		143
665	F.P.		67	66	Lloyds Chemists 5p Logitek 5p	132		ul.29		1.4	31.2
145	F.P.	22/12	172	164	Logiter 39	67	+1	₹1.8	38	38	9.8
1205	F.P.	1912	105	95	Lon. & Metropolitan 5p .	165		R3.1	38	26	140
\$152	F.P.		158	152	Miss Sam 20p	99	1	a3.91	2.4	56	10.4
460	F.P.		96	80	Nobe Group 10p	254	+2	4.75	28	4.3	11.7
\$60 \$90	F.P.	29/12	1111	96	Morthumbrian Foods 5p	96	+1	r1.7	25		20.3
¥115	F.P.	12/12	130	126	4Plomb Hidgs 5p	113		Re3.0	2.3		165
170	F.P.	19/12	230	193	#QuartoGr.Comrg.\$0.10	126		R3.195	28		14.2
§135	F.P.	97	143	139	#Spandex 10p	230	+1	ud3.0	27		283
70	F.P.	9/1	100		Surnit £1	140	+1	n3.57		35	
§132	F.P.	71	120	119	#TS8 Channel Islands	99	+1	R3.92	3.7	49	6.9
7-1	F		52	52	₹7 ribble Harris \$0.01	120		rn3.6c	28		17.6
1140	F.P.	7/1	142	1281	Trinova \$5	52	1	1.5c		20	
197	F.P.	18/12	105	202	Virgin Group 10p	13312		12.2	23		22.2
J135	F.P.		148	138	Ward Group 5p	705	<u>—1</u>	R3.7	2.5		10.9
104	FP	5/12	90		Wilding Office 10p	138	-4	93.25	23		18.2
204	F.P.	722	96	80 87	+Wooltons Ber ware 10p	78	-4	dR3.7	15		14.2
			70	91	Yeoman lov. Cap. 1p	87	-1		_	J.,	1-2

Price	Amount Paid	Renunc	19	B6	Stock	Clasing	
£	ьр	Date	High	Low		Price	* *
\$100 \$101.41 \$100 \$100 \$100 \$100 \$100 \$100 \$100	50 52 52 52 52 52 52 52 52 52 52 52 52 52	29/1 26/2 	11 11 12 100 100 114 111 12 114 114 114 114 114 114 114	712 8 101a 312p 94p 1112 4112 99;1 100 9	Essex Water 11 % Red. Deb. 2002-05 do 85 % Red. Pf 1993 thanover Druce 65 % Cox. Curn. Red. Prf. E1 Letsare Invs. 7% Carn. Cov. Red. Prf. E1 Mid-Kent Water 84 % Red Prf. 1997 Mid-Gassas Water 11 % Red Deb2012-16 Rettionwold-11 % Zey171287 De. 11 2 % Str. 21/1287 De. 11 2 % Red. Prf. 1996 West Kent Water 12 1/2 % Red. Deb 794-796	9 92 101 69 97p 111, 63,2 994, 100 10	+++++++++++++++++++++++++++++++++++++++
RIG	HT\$	" 이	FFE	?S			

ksare Price	Amount Pald	Rengoc	19	86	Stock	Closing	4
	nb	Date	High	Low	auge	Price	+ 07
335 60 110 325 720 — 100 210	NII NII NII NII 360 NII NII	23/1 12/1 23/1 9/1 30/1 22/1	24 29pm 9pm 6pm 6pm 450pm 3pm 3pm 25pm	26pm 2pm 1 ₂ pm 375pm 2pm 4pm 25pm	Throg. Sec. Growth Inc Wafter (Alfred) 10p Waterreft	24 26pm 2pm 1ypm 435pm 2pm 2pm 25pm	10
emmeia rospect	tion date	escally to tes. of Di	ist day for vidend ra		ree of stamp dety. a Annualised dividend payable on part of capital, Cover based of		rs base

FT-ACTUARIES INDICES

ers. Morgan Grenfell recovered a further 5 at 381p after comment on

the acquisition of Cyrus J. Law-rence, a US broker. Mercury Inter-national, having fallen 52 last week

on fading takeover hopes in the wake of the surprise sale of Mr Saul Steinberg's 15 per cent in the company to a Canadian pension fund, rallied 2 at 355p.

port to close a share easier on halance. Secondary issues pro-vided the main featores of the day

with Nottingham Brick reacting sharply to news that merger discussions with Steetley had been terminated, the price dipping 34 to

273p. Elsewhere, Cement Road-stone firmed 5 to 140p on details of the US expansion moves, while Bryant Holdings added 4 to 153p on

hopes of a bigher bid from unwel-come suitor English China Clays.

Press comment boosted McCarthy and Stone 5 to 3t0p and F. J. C.

Lilley a penny to 39p.

Croda International provided the only movement of note in the Chemical sector, adding 4½ to 139½p on speculative huying fuelled by hid hopes. ICI shed % to 1000 no current influences.

Woolworth highlighted a firm Stores sector, rising 17 to 672p in

response to news of the joint operation with Rosebaugh prop-

erty group to develop a number of Woolworth's bigh street stores.

Among other leading retailers, which were helped by news of the

provisional November retail sales

tion to £1014 following Press com-

ment in the wake of the group's

recent interim results. Well over

4m Marks and Spencer shares changed hands and the close was

2'z dearer at 181'zp. while Burton added 5 at 263p. Ward White. cur-rently hidding for LCP, edged for-

ward a penny at 283p on news of

the company's proposed ADR lis-ting and Ratners moved up 2 to

262p after newspaper mention and

United Scientific featured

Electricals, rising 10 to 158p in response to the better-than-

expected preliminary profits and

encouraging statement regarding

prospects. Highland Electronics moved up 7 at 89p following

revived speculative support and Brikat added 10 at 93p. Goring

Kerr, still drawing strength from the recent good results, added 10

afresh at 280p, while Logica put on 6 at 220p and LPA firmed 5 at 98p.

CASE hardened 2 to 93p following

an investment recommendation.

but Amstrad reflected cautious

details of a £27m property deal.

£10% on currency influences.

Woolworth advance

These Indices are the joint compitation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY & SUB-S				M	onday	D e	cen	nber	15 19	86	Fri Dec 12	Thur Dec 11	Wed Dec 10	(Sept.
F	igures in parenthe stocks pe			I	odex No.	Day's Change	Earn Viel 1Ma	Communication of the	Gross Div. Vield's (ACT at 29%)	Est. P/E Ratio UNeO	nd adj. 1986 to date	Index No.	Index No.	Index No.	Index No.
1					7.38	-0.1		.22	3.85	13.73	17.01			681.00	562.24
2	Building Materia	is (27) _	(20)		3.97 8.61	+0.2		88	3.60 4.00	14.17	18.98				
3	Flectricals (12)	Contracting, Construction (29) Electricals (12)			35.00			69	4.86	16.90 14.77	32.81			1155.91 1738.19	909.79
5		Electronics (38)			14.20		10		2.85	13.27			1464.97		1514.59 1401.19
6		gineering (61)			2.17			31	4.32	12.33	11.18			384.66	320.44
8	Metals and Metal Motors (15)	Forming	· (7)		8.97 3.87		10.	15	4.26 3.98	12.19	10.25				
10	Other Industrial	Materials	(21)	111	6.01			49	4.64	15.84	6.73 30.57				
21	CONSUMER GR	OUP (18	6)	93	4.31	+0.4	E.	18	3.41	15.39	21.04				752.39
22	Brewers and Oist				941.15			94	3.61	13.99	17.52	941.62			759.13
25 26	Food Manufactur Food Retailing C				4./1 38.78			24 16	3.83 2.93		19.22 35.41				564.17
	Health and Hous					+14		17	2.47	18.79	26.19	1519.43	1832.41 1536.94	4 1527.92	1732.00 1184.32
27 29	Leisure (29)				6.93		7.	78	4.20	16.81	26.00	971.34	968.19		
32	Publishing & Pri Packaging and P			272	27.26 2.50	+0.6		14	4.18	18.05	77.50				1856.63
33 34	Stores (38)				8.87			23 68	3.47 3.25	17.92 17.70	11.74		489.13 822.77		365.23 751.49
35	Textiles (17)				0.39			87	3.78	11.67	14.49				376.93
36	Tobaccos (2)				76.40		12.		3.99	8.58	36.99	1294.67	1285.42	1298.22	871.96
41 42	OTHER GROUP Chemicals (20)				6.25 18.50	+0.1		09 81	4.17	14.11	17.75				705.41
44	Office Equipmen				6.66			24	4.15	16.70	29.59 7.55				727.22 213.99
45	Shipping and Tra	asport (1		152	0.24	-0.8	7.	88	4.58	16.18	46.25	1532.46		1534.55	1321.60
47	Telephone Netwo				0.96	+0.9	l 1		4.87	11.53	16.67	783.61		9 803.58 6 1113.31 5 843.25 3 1418.94	881.63
48	Miscellaneous (4 INGUSTRIAL 6				7.13 0.62	+0.2	_	66	3.70	17.52		1107.55			868.11
픐	0il & Gas (18)				1.58	+2.4	11	_	6.11	11.01		838.94 1446.60			697.88
59	500 SHARE (NE				4.95	+0.5	_	07	4.05	13.96	22.85	890.32			731.38
61	FINANCIAL GR				7.27	-0.3	† -	.	4.70		18.95	609.03	609.63	610.74	511.28
62	Banks (8)			66	8.00	-0.3	18.	84	5.50	7.28	24.78	669.93	667.07	666.86	508.15
65	Insurance (Life)	(9)		85	7.71	-0.8	j -	- 1	4.54	16.09	27.29 15.57	456.77		864.48	785.01
66 67	Insurance (Comp Insurance (Broke	rs) (9)			3.79 6.93	+0.2	1 8	10	4.78				1165.10	463.72	397.97 1179.94
68	Merchant Banks			34	1.62	+0.7	_	-	4.24	_	7.35	339.11	336.97	338.53	282.55
69	Property (49)				4.59	-0.2		80	3.59	22.35	19.48	806.D1	809.82	811.77	665.57
70	Other Financial C				5.00 6.26	-0.1	8.	82	4.35 2.65	13.84	9.81	365.43	365.69	365.27	304.68,
71 81	Investment Trust Mining Finance (····		8.73	+0.1	9.	52	4.88	12.35	16.23 11.30	865.73 328.15	862.16 328.84	859.94 330.05	639.49 244.44
91	Overseas Traders				8.23		10.		5.98	11.24	29.74	748.66		746.14	586.91
99	ALL-SHARE IN	DEX (730)	_ 81	8.13	+0.4			4,12	-	21.52	815.18		816.36	667.75
_					dex	Day's	Day		Day's	Dec	Dec	Dec	0ec	Dec	Year
_	************				10.	Change		gh	Low	12	11	10	9	. 8	290
_	FT-SE 100 SHA	SE INDE	X 	16	37.BI	+7-2	11641	.3 11	634.1	1629.8	1634.0	1634.6	1635.9	1623.4	1376.5
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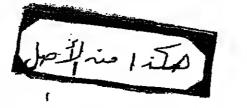
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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

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Sales figures are unofficial. Yearly highs and lows reflect the pravious 52 weeks plus the current week, but not the latest trading day. Where is split or stock dividend are stored for the pravious 52 weeks plus the current week, but not the latest trading day. Where is split or stock dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursaments based on the latest declaration.

a dividend also extra(s), b-annual rate of dividend plus stock dividend cellegisting dividend cid-called, 4-new yearly tow, a-chindend declared or paid in preceding 12 months, of dividend declared after split-up or stock dividend, plus tok-dividend declared after split-up or stock dividend, plus tok-dividend declared or paid this year, an accumisative lasse with dividends in arrears. In-new issue in the past 52 weeks. The high-low range begins with the start of trading not-next day delivery. PIE-price-enrungs rano 1-dividend declared or paid to preceding 12 months, plus stock timedend, a-stock sold. Dividends begin with date of split siz asses, 1-dividend paid in stock in preceding 12 months, plus stock timeded, a-stock sold. Dividends begin with date of split siz asses, 1-dividend paid in stock in preceding 12 months, or securities assess to being reorganised under the Bankruptcy or receiverable or being reorganised under the Bankruptcy or receiverable or war-fights. xols-exclusivitation. xon-without warrants. x-ex-dividend and sales in-fall. yid-yield. x-exies in tail.

WALL STREET Late rally recovers

lost ground

REBOUNDING with the help of computer-driven huy programmes in the clos-ing moments of trading, Wall Street stock prices managed to overcome earlier losses prompted by a weak bond market and international economic news, writes Roderick Oram in New York. Prices declined in the bond market on signs that Opec was close to an agree-

ment to cut oil production and on news of strong industrial production figures for November. They recovered partially during the afternoon, however. The Dow Jones industrial average closed up a net 10.55 points at 1,922.81. It

had fallen some 12 points shortly after

the opening and only rebounded for a

gain on the day just before the close.

Among blue chips American Express gained \$1% to \$59%. AT&T edged up \$% to \$27. Du Pont slipped \$\% to \$86\%, General Motors gained \$\% to \$69\%, IBM advanced 5% to \$127%, McDonald's dropped S1% to S62 and United Technol-

ogies shed 5% to \$46%. The full market New York Stock Exchange composite index showed less of an upturn closing up 0.34 points at 141.87 on moderately brisk volume of 148.5m

Standard & Poors 500

1983

1,922.81 1,912.26 1,535.21

834.77

209.67

247.35

815.18

890.32

311.7

18,788.94 18,830.6 13,108.0

1,566.03 1,568.5 1,047.97

687.3

231.32 231.75 234.07

4,049.96 4,068.57 2,877.01

3,026.1 3,041.6 2,866.0

521.51° 1.526.92 140.67

412.5

164.2

2,033.60 2,051.1 1,811.2

2,449.43 2,463.2 1,735.58

286.1

284.4

363.19 365.34 388.28

199.61

2,454,65 2,474,0 1,730,67

594.0

353.8

Dec 15

£1.785.50 £1.865.70

379.80p

F932 50

\$16.05

Dec 15 \$394.25

\$395,25

\$393.20

\$395.00

193.48 231.89

679.25 610.34

677.18 434.88

889.13 655.13

1,917.0 1,116.9 1,384.0 1,034.3

553,4

251.6

£931.50

Prev \$390.25

\$391.45

\$390.57

\$389.85

238.5

220.0

250.3

94.1

1,280.4 1,100.3

1982

STOCK MARKET INDICES

830.10

248.21

1.280.3

818,13

894.95

313.2

691.9

414.30

673.36

282.0

883.95

202.60

353.7

COMMODITIES

GOLD (per ounce)

165.0

1,637.0 1,629.8

1984

Year ago

722.61

168.80

209.93

662.51

731.38

257.5

4728

1985

(London)

S DM

300 End#

260 240

220

200

180

NEW YORK

HOCHOL

FT Ord

FT-SE 100

FT-A 500

TOKYO

Nikkei

Tokyo SE

AUSTRALIA

AUSTRIA

BELGIUM

CANADA

Metals & Mins

Credit Aktien

Belgian SE

Montreal Portfolio

DENMARK

FRANCE

CAC Gen

Ind. Tendance

FAZ-Aktien

HONG KONG

Hang Seng

Sanca Comm

METHERLANDS

ANP-CBS Gen

ANP-CBS Ind

NORWAY

Osto SE

SINGAPORE

SOUTH AFRICA

JSE Industrial

Madrid SE

SWITZERLAND

Swiss Bank Ind

MS Capital Int'l

Silver (spot fixing)

Copper (cash)

Coffee (January)

Oil (Brent blend)

SPAIN

(London)

London

Zürich

Paris (fixing)

New York (Feb)

PTALY

WEST GERMANY

Commerzbank

SE

Toronto Metals & Minis

FT-A All-share

FT Gold mines

DJ Transport

S&P Composite

KEY MARKET MONITORS

shares with declining issues outpacing

rising hy an eight to seven ratio.

News that Opec might trim oil production had little immediate impact on oil shares partly because investors began factoring the possibility into their calculations last week. While Exxon gained 5% to \$72 and Texaco advanced \$% to \$35%, Chevron eased down \$% to \$47% and Standard Oil fell \$\% to \$49\%.

Chemical Bank fell \$% to \$43% on volume of 1.7m shares after announcing its agreed takeover of Texas Commerce Bancshares for shares and cash worth \$33 a share. In addition, some non-performing loans of the Houston-based hank hit hy the problems of the oil and real estate sectors will be spun off to Te-xas Commerce shareholders in a transaction worth \$3 a share. Texas Commerce rose \$% to \$27%.

Beneficial declined sharply hy \$6 to

\$59. The finance and insurance group cancelled a shareholders' meeting called for December 23 to vote on a liquidation proposal. It said its board will meet later this week to review "a variety of strategic alternatives." Cannon Group, the fast expanding film production and exhibition company, gained \$\% to \$12\%. It said it had the finance in place to make by Friday debt payments due yesterday. Creditors could force the controversial company into bankruptcy if it failed to make the payments.

Western Union gained \$\% to \$4\%. Resource Holdings said it was proposing to form an investor group which would in-ject \$300m of new capital into the group in return for 33 per cent of its equity.

The investors would include the Hyatt hotel chain and Mr Harold Geneen, the former head of ITT.

Lorimar-Telepictures, the most active American Stock Exchange issue, declined \$1% to \$16%.

After the market closed, AFG Partners said it was withdrawing its propos-al to huy all of Lear Siegler at \$85 a share because of uncertainties created by tax reform although it remained interested in helping Lear Siegler, which fell \$% to \$76%, in its restructuring. Gillette, the consumer products com-

pany which fought off a hostile takeover bid last month from Mr Ronald Perelman's Revion group, rose \$1% to \$49%. An analyst added it to his recommended list and yesterday was the dividend rec-

In the credit markets bond prices fell on the prospect of higher oil prices, and hence a slight increase in inflation, if Opec members cut production. Additional negative factors were a strong November industrial production increase of 0.6 per cent and a higher than usual Fed funds rate of around 6% per cent even allowing for the demands placed on the financial system by corporate tax payments due yesterday.

The price of the 7.50 per cent benchmark Treasury long bond slipped 12 of a point to 1011 at which it yielded 7.40 per cent. Prices were down across the full range of maturities despite a partial

recovery during the afternoon.

Three month Treasury bills gained two basis points to 5.62 per cent, six month bills rose five basis points to 5.55 per cent and year hills gained four hasis points, also to 5.55 per cent. Other main economic figures due this week include the revised third quarter gross national product figure which is not expected to show any change from the initial 2.9 per cent growth and November's consumer price index which is expected to advance 0.2 to 0.3 per cent, continuing the low inflation rate trend.

TOKYO

1300

1250

STERLING

1.4275 2.8775

232.5 9.435

2,4225

3.26

1,995

60.10

71%

6% 5%

4% 4% 4%

Dec 15 Previous

1,4325

2.8925

233,75

9.4725

2.435 3.265

60.10

11%

5.85 5.485°

Yield

993 1/2 6,265 100 1/2 6,231

101%2 7.405 1011 7.379

7.136 101

Dec 15

Day's change

-0.22

-0.12

--0.13

-0.57

Yield

92.142 6.40 92.218 6.635

103.50 8.197 103.75 8.159

99-09 99-14 98-27 99-27

94.46 94.48 94.44 94.52

93,75 93,76 93,75 93,82

109-08 109-20 109-12 110-04

9% March 2016 110.25 8.884 110.375 8.873

92.50 8.843

9% March 2016 100.50 9.322 100.75 9.27

FINANCIAL FUTURES

Latest High

-0.03

6.98 101% 6.924

7.106

6.94 +0.05

+0.05

+0.05

+0.05

+0.04

6.63

6.29

6.71

7.95

Prev

US BONDS

1002552

Source: Harris Trust Savings Bank

160.09

152.47

142.27

155.36

187.41

Source: Merrill Lynch

SCBT South Central

1986

US DOLLAR

2.0180

163.25

6.6125

1.7000

1,396.5

(3-month offered rate)

FFr

US Fed Funds

Treasury

7% 2018

(Jens)

1-30

15-30

AT & TA

3% July 1990

10% Jan 1993

General Motors

8% April 2016

Citicorp

CHICAGO

8% 32nds of 100%

\$1m points of 100%

\$1m points of 100%

\$1m points of 100%

£50,000 32nds of 100%

LOWDON

Dec

US Treesury Bonds (CBT)

US Treesury Sills (MMI)

Certificates of Deposit (1989)

ar Notional Gitt

94.05

8 April 1996

TRW

US3-month T-bill:

FT London Interbet

3-month LISS

Previous

2.0165

163,0 6.61

1.6975

4210

1,397.5 2,000.5

Decline led by fears of **Opec cuts**

CONCERN over high price levels and a possible plan for a 10 per cent cut in crude oil production by Opec pushed shares lower in Tokyo yesterday, unites Shigeo Nishiwaki of Jiji Press.

The Nikkei average fell 41.70 from last week's close to 18,788.94. Volume totalled 425m shares compared with Friday's 733m. Declines outnumbered advances 460 to 350, with 184 issues un-

Adding to the mood of concern were reports that Opec at its general meeting in Geneva was nearing a consensus on a 10 per cent oil output cut and the adoption of a fixed price of \$18 per barrel.

Many investors, viewing these moves s adverse l'actors lor the yen-dollar e change rate and interest rate trends, shied away from the market. In lacklustre trading, Nippon oil

topped the active list with 38.82m shares traded, bolstered by investor expectations that a recovery of the oil market with higher crude oil prices could improve its earnings position. The issue gained Y40 to Y1,450. Teikoku Oil also advanced Y31 to Y681 on investor hopes for a possible rise in natural gas prices.

Tokyo Electric Power shed Y170 to Y8,200, while Tokyo Gas dropped Y30 to Y1,190, although it came out the second busiest issue with 16.60m shares changing hands. Other utilities fell slightly. Large-capital stocks were neglected

with Nippon Kokan losing Y12 to Y245, Ishikawajima-Harima Heavy Industries Y16 to Y449 and Mitsubishi Heavy Industries Y10 to Y444.

The yen's weakness against the dollar prompted investors to purchase some blue-chips. Hitachi rose Y10 to Y1.110. Matsushita Electric Industrial Y40 to Y2,100 and Konshiroku Photo Y18 to Y665.

Some speculative issues fared well. Morinaga gained Y55 to Y765 on rumours that a speculative group was cornering its shares. Tobishima added Y27 to Y932 and Fujiko Y15 to Y457. Some hanking issues scored good

gains on the ground that are undervalued compared with securities issues. Sumitomo Bank, active with 5.96m shares traded, advanced Y80 to Y2,430. Fuji Bank and the Industrial Bank of Japan gained Y30 and Y90 to Y1,790 and Y2,480, respectively.

Bond prices affected by the reports plunged on fear of a rekindling of infla-

On the bond futures market, March contracts declined Y0.45 to Y103.85, slipping below Y104 for the first time since November 27. This triggered dealers' selling on the cash market.

The yield on the 5.1 per cent government bond, maturing in June 1996, rose to 5.370 per cent from last Friday's 5.305 per cent. Institutional investors retreated to the sidelines.

CANADA

THE COMBINED weakness of industrials and utilities pulled Toronto lower despite firmer gold and oil sectors. Among industrials Campeau Corp shed CS% to CS22%, Canadian Pacific

traded down C\$% to C\$17 and Federal Industries Class A gave up C\$\% to C\$16%.

Stronger energy related issues saw Imperial Oil Class A add C\$1 to C\$50 and Texaco Canada advance C\$% to C\$32%. Industrials and banks lost most ground in Montreal.

EUROPE

Paris stands out with rise to new peak

FRANCE was one of the few bright spots in Europe yesterday, with shares reaching a record high for the third consecutive trading day. The other major bourses ended lower in thin and colourless sessions.

Paris received its fresh boost from the slight rise in the November inflation figure and the heavy oversubscription of St Gobain's share offer. The CAC General index added 1.8 to 141.3 following its record 413.4 last Thursday and the record high of 184.2 reached by the Indicateur de Tendance on Friday.

Another stimulns was the Bank of France's lowering of its seven-day Treasury Bill discount rate to 8 per cent after lifting it a full percentage point to 8½ per cent last week to defend the franc . In the printing sector, Presses de la Cité climbed FFr 293 to FFr 2,951 follow-

ing Genérale Occidentale's takeover.
Electronics saw Alcatel put on FFr 138
to FFr 2,558, a year's high, while Matra
was up FFr 39 to FFr 2,455.

Oils did well on prospects of higher crude prices emerging from the current Opec talks and Elf Aquitaine added FFr 2 to FFr 320.

Frankfurt attracted little buying interest in very quiet trading as many inves-tors wound down for Christmas. The Commerzbank index lost 17.5 to 2,033.6.

However, the retail sector showed good gains, lifted by reports of heavy demand in the stores in advance of next week's festivities. Karstadt added DM 15 to DM 481, Kauthof DM 4.50 to DM 521.50 and Horten DM 6 to DM 240. Banks, chemicals, electricals and cars

all closed generally, lower, while engineering issues saw KHD down DM 5.50 to DM 178.50 but MAN up DM 2 to DM Strong demand was reported for the first public share offering by Maho, the

machine tool producer, forcing it to close several hours early, according to lead underwriter Deutsche Bank. Listing will begin on December 19. Westdeutsche Landesbank Girozen-

trale said in its report that the direction taken by the Bundesbank on monetary policy would probably have a significant influence on German share prices over the next few weeks. WestLB also said many investors had bought shares ex-pecting year-end demand hut that many prices had already reached their highs

prices had already reached their highs and profit-taking could accelerate.

Bonds ended easier after a very quiet session, pulled down hy Friday's fall on US credit markets. The Bundesbank bought DM 24.4m worth of paper after buying DM 31.1m on Friday.

Amsterdam also lacked any fresh fac-tors to provide impetus and share prices

closed generally down. Among internationals, Philips lost Fl 2.20 to Fl 44.60 following press reports that the company's staff had been told the Netherlands was not a satisfactory profit area. However, Royal Dutch went against the general trend, adding 90 cents to FI 211.70 on optimism about higher oil prices.

Zurich ended lower in very thin, dull trading as some investors closed their books for the year and others stood on the sidelines still waiting for Wall Street

to pick up.
Brussels, too, was easier across the board in a quiet session. Steelmaker Ar-bed pursued its oscillations of last week, this time falling BFr 90 to BFr 1,830, although brokers could not explain the movements.

Milan followed the lower trend, although selective gains included Gen-erali, up 12,300 to L126,000. IFI, whose chairman has vetoed a further modest privatisation of Mediobanca, added L260 to L26,750, while Mediobanca lost L5,700 to L228.700.

Stockholm, where trading was sus-pended in the shares of Fermenta and one of its key shareholders, Industrivärden, finished lower in a moderate session, partly reflecting a rise in interest rates. Trading was also halted in construction group Skanska, which later announced it was buying a stake in proper-

ty firm JM Byggnads.
Oslo eased slightly but Madrid recorded strong gains in active trading.

SOUTH AFRICA

THE HIGHER BULLION price was translated into strong Johannesburg gold shares in quiet trading ahead of to-

Most gold issues firmed except those turning ex-dividend. Randfontein picked up R10 to R440 while Driefontein gained R2.25 to R70. Firmer platinums saw Rustenburg close 40 cents up at R47.15 after early losses while leading diamond group De Beers finished 60 cents higher at R35.10.

LONDON

HEAVY DEMAND for British Gas inspired early gains in London but senti-ment soured slightly in line with the falls on Wall Street while the gilt market waited in vain for some signs of prog-ress from the Opec meeting in Geneva. The FT-SE 100 index finished 7.2 high-

er at 1,637.0 after an early gain of 11 points while the FT Ordinary dipped 0.1 to 1,280.3.

Foreign, notably Japanese, demand for British Gas prompted a 1p gain to 64%p on volume of 164m shares. BP also enjoyed steady buying with a gain of 23p to 711p on volume of 4.1m shares, while Shell Transport with 5.4m shares changing hands gained 23%p to 977%p. Gilts proved disappointing with prices

down a full point. own a run point. Chief price changes, Page 43; Details,

Page 42; Share information service, Pages 49, 41.

SINGAPORE

THIN TRADING exacerbated declines among Singapore bue chips which pushed the Straits Times industrial index down 25.18 to 883.95. Turnover fell to 8.1m shares compared with 14.4m on

Sime Darby, most activit with 895,000 shares traded, held steady at SSL80 while NOL, also active, shed 1 cent to

OCBC gave up 5 cents to SS 9 despite denials that it made an offer to acquire International Trust and Finance. Elsewhere Singapore Airlines was 10 cents off at SS9.15 and Cycle and Carriage dropped 13 cents to SS2.

AUSTRALIA

GOLD MINES and oils buoyed Sydney, offsetting weakness among media stocks. The All Ordinaries index edged 0.4 higher to 1,438.1.

Hopes of higher international bullion

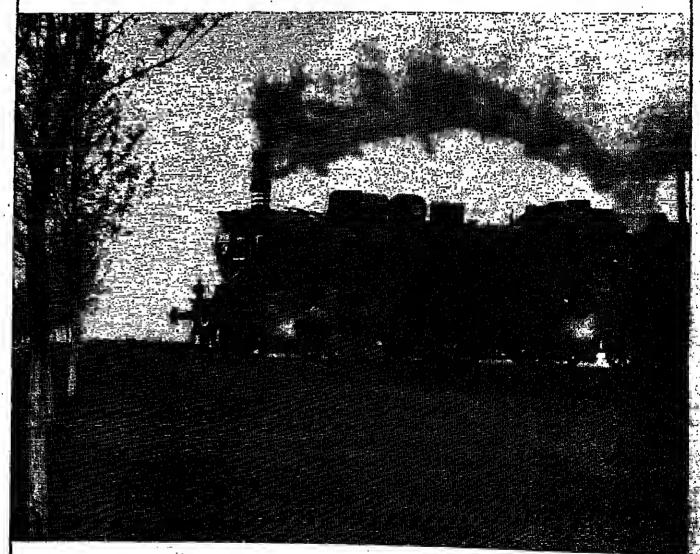
and crude oil prices underpinned senti-ment which was also aided by the prospects of the Australian Government rejecting a proposed tax on gold mining.

HONG KONG

LATE AFTERNOON profit-taking eroded Hong Kong and trimmed 13.80 points off the Hang Seng index at 2,449.43. Turnover dipped to HK\$746m from HK\$1.1bn on Friday.

Some isolated support developed for property issues with Cheung Kong up 25 cents at HK\$36.25 while Hang Leng Development rose 10 cents to HK\$10.80.

Where will you be without gold when the locomotive runs out of steam?



The spectacular rise in stock

values, precipita-ted by falling interest rates and oil prices, has rocketed the world's stock exchanges

to dizzying heights. There once seemed to be no end in sight. But just as interest rates and oil prices cannot fall forever, stock pri-

ces cannot rise forever Investors who rode the stock markets up to their current heights made excellent gains. The shrewdest of these investors have already begun protecting their profits and even part of their capital — in the solid security of gold.

Why gold? Because as the most precious of metals, the value of gold is intrinsic, and therefore frustworthy.

Moreover, gold is easy to store, easy to transport. And instantly recognized for the genuine treasure it is, virtually anywhere in the world. Today's gold

price, particularly in hard currencies, is still relatively low and the historical trend has always been up. Financial counsellors recommend putting a substantial part of investment assets into gold, as insurance for the medium to long term. Gold is money you can trust

Anytime. Anywhere, Fore full information on how to secure your financial assets in something solid, consult your bank or braket. Or write for your free copy of the 60 page, pocket sized European Guide to Gold to:

Gold Information Center F4 CH-1211 Geneva 3

